

## **Effects of Fashion Goods Promotion Strategy to CRM (Customer Relationship Management)**

**Lee Byoung-hwa\* and Shim Hwa-jin**

Working Professor, Dept. of Fashion Design and Textile, Seoil College\*,  
Professor, Dept. of Clothing and Textiles, Sungshin Women's University

### **Abstract**

This study aims to determine any possible causation between identifying which major factors affect CRM(Customer Relationship Management) in terms of promotion strategies for fashion goods and classifying customers into several categories, so that it can seek reasonable strategic measures based on CRM.

This study suggested a model by selecting several variables meeting its goals, and used total 672 sheets of questionnaire for final analysis. In addition, a structural equation model was analyzed

As a result, it was found that pricing flexibility had more or less influential relationships with trust, satisfaction and commitment in CRM, although having a negative relationship with commitment. Salesperson's role was also significantly correlated with trust, satisfaction and commitment in CRM, and especially, there were more influential relationships with satisfaction than any other factor. Service quality had relatively high influential relationships with trust, satisfaction and commitment in CRM.

Retained customers showed more or less influential relationships with trust, satisfaction and commitment, while loyal customers did so with satisfaction and commitment, except for trust.

**Key words:** Promotion, CRM, Pricing Flexibility, Salesperson's Role, Service Quality

### **I. Introduction**

The contemporary marketing in the 21st century lays more stress on flexible segmentation depending on ever-changing market demand, and niche marketing or relationship marketing comes to comprise a mainstream, which tries to seek and approach the exact needs and desires of consumers. That is, the more advanced marketing becomes on the rise to cope with rapidly changing market circumstances and ever-changing customer needs than ever, while

such customer needs also come to pursue the maximized value beyond simple satisfaction. Accordingly, under the conceptual assumptions that company's profits are realized through customer satisfaction, it is CRM(Customer Relationship Management) that has already appeared as a marketing strategy to leverage the balanced company values on the basis of having consistent relationships with customers (Greenberg, 2001). This CRM refers to making and managing relationships with customers, which attaches more importance to customer

share rather than market share so as to keep competitive edges in saturated regional or global market. This strategy focuses on how to manage customers to impart benefits to both company and customers. In particular, CRM strategy tends to gather more attention in highly involved products that requires high pricing and corresponding high quality service, as well as in the products related to human sensitivity, rather than ones with simple functions. Fashion goods require more empowered CRM strategies, because they belong to highly involved products. The relationship with customers in this CRM does not mean simple relationship, but the relationship based on mutual trust that incorporates something mental such as leadership or membership. In this regard, the relationship intends to prevent customers from seceding and leaving for other services and make them keep loyal to existing brand or company. CRM marketing focuses on the process to attract and obtain customers, give services to form an ongoing relationship with customers and manage them to be little more committed ones, so it more often relies on promotion variables as a strategy to enhance sales promotion and attract customers than anything else. As promotion variables include the most first-hand elements that attract a customer, induce to purchase a good, and make him/her repurchase, consequently they have influence on customers's reliance, satisfaction, and indulgence. Price to which the customers most sensitively response, salesman's role that is the most important element at the time of customer's purchase, and service quality that decides brand image have huge influence on CRM. In this vein, this study was intended to identify the cause-and-effect of those variables. This study aims to determine any

possible causation between identifying which major factors affect CRM in terms of promotion strategies for fashion goods and classifying customers into several categories, so that it can seek reasonable strategic measures based on CRM.

## **II. Theoretical Backgrounds**

### **1. Concepts of Promotion and Its Factors**

From the perspective of company, promotion refers to inducing or motivating consumers to purchase certain products through sales promotion and giving reasonable services to induce their re-purchase. That is, promotion implies furtherance from current condition to a little more advanced one. Moreover, as short-term and stimulating inducement for distributors or consumers to purchase a certain good, the promotion is also called a 'company-wide marketing activity' to induce their behaviors at first hand by giving them additional benefits, as well as basic ones available with the product(Oh et. al., 2002). Nowadays, fashion goods are available in similar and various manners, resulting in more competitive promotion activities, so that all fashion-related companies are more committed to attracting their customers than before. Promotion activities attract customers in different ways such as advertisements, PR(public relations), special events, fashion shows, VMD(Visual Merchandising), sales manpower, service quality, annual ceremonies and the like.

Even in this vortex of competition, what makes the most difference is how a company may offer its goods to customers(Lim et. al., 1997) That is, it implies the promotion that involves various goods

selections and offers enough to attract customers, induce them to purchase a certain good and repurchase other goods. Of the promotion variables, price is a mediator with which a customer goes through the purchase process via transaction and obtain a good, widely ranging from low price to expensive one. Since the distribution market was opened, domestic customers have faced so various a fashion goods from western top brand goods to the chinese low-priced clothing, and increased interest in price(Pack and Hwang, 2002). Clothing goods are much affected by season and vague, which can bring about an unexpected increase of surplus quantities in stock, and in turn a severe problem to the business. Then, the companies do almost war-like price discount.

There are on-going discount events in the title of "regular sale", "uniform price sale of hit goods", "limited sale", "sale of goods carried over", "warehouse, grand open", and the likes. Cheon and Chung(2002) studied on the effects of semantic cues of the words in the advertisement of clothing goods discount onto customer's perception and purchase intention, and suggested that the semantic cues of words are used to give some complementary meaning, for example, a hint that the advertised good is cheaper than other ones. It was found that, when normal price and discount price were presented at the same time, the semantic cues induced customers to guess the normal price as more expensive, therefore the customers raised the reliability to normal price and perceived the discount price set very low. Presentation of discount price of this method makes customers more clearly perceive the fact that it is a discount.

As in the previous studies, discount price is the factor that incites the consumers and is the most

sensitively responded by consumers. In the study, points and price discount were selected as the constituents of price variable in association with fashion goods.

Salespeople's often perform manager role, and their relationship with consumers is mutually cooperative and open. They make a strong connection with consumers by relational sales behaviors such as concentrative additive contact(Crosby, Evans & Cowles, 1990). It is necessary to expand the focus of mutual reaction in order to get to more close point of customer-relation. Salespeople's characteristics and their sales behaviors strengthen customer relation (Dwyer et. al., 1987; Jackson, 1985). Especially the relationship between customer and salespeople can grow into a friendly relationship only when a series of consecutive interaction exists between the two parts.

In the studies on salespeople role, Ahn(2001) classified the salespeople characteristics into reputation, communication attitude, investment into the relationship, and salespeople personality, asserting that they have influence on forming a relationship with customers. Cheon(1999) said that favor toward salespeople has a positive effect to purchase intention. Kim(2002) divided the salespeople properties into specialty, similarity, customer-oriented attitude, ethics, and favor, asserting that all these have effects on the quality of relationship as well as formation of long term relationship.

In the evaluation of service quality, elements of SERVQUAL developed by Parasuraman et. al.,(1988) such as tangibility, reliability, responsibility, assurance, and empathy were often used. Detailed concepts of these are explained in previous research(Lee, 2000; Hwang et. al., 2000; Hong, 2000).

Reliability means an ability to observe and exactly and constantly carry out the services one promised. Responsibility is the degree of service performance to provide prompt service and help customers. Tangibility is a physical clue of service, meaning a good atmosphere. Assurance is customer's belief including service performer's ability. Empathy is catching customer's demand and sharing customer's thought as the expression of interest and affection. In choosing goods and services, as customers will receive very obvious and superior value provided by enterprise, enterprises should identify customers' economic level and purchase process as well as status of demand, and make such a strategy that can provide differentiated service and meet customer's demand(Kim, 1998). Based on the review of previous studies, in the study tangibility, reliability, responsibility, assurance, and empathy were selected as the elements of service quality.

## **2. Promotion and CRM**

CRM for fashion goods is to maximize continuous value and make customers feel more benefit by increasing customer contact frequency to maintain a relationship with customers, to attract customers by sales promotion and price flexibility and then take them to purchase customers, to make them concentrate on the events by providing coupons and chances to use the coupons for purpose of making customers feel more benefit(Lee, 2001). CRM begins to be performed by the person who contacts the customer.

Yu(1999) said that salespeople is the performer of CRM. as he/she reduces customer's anxiety in a prior step to purchase, increases purchase possibility at the time of purchase, and checks up

the customer's satisfaction and manage his/her complaint in the consumption step when a customer purchases a good. In this meaning, Kim(2002) said that customers are easily induced to purchase goods when fashion goods salespeople's external image is favorable, and by the services after purchase, turn into a regular customer and gradually become such a customer with whom a relation is strengthened. Cho and Ku (2002) said that customer-oriented sales rather than sale-oriented sales has a positive effect on customer satisfaction, enables to secure regular customers, and elevate customer's loyalty. As salespeople's role is an element with considerable influence on CRM, well-trained salespeople's customer attitude drives a customer to re-purchase and verbal advertising, expands sales, and ensures the relation-indulged customers as regular customers.

It is service quality that should not be neglected at the time customers and salespeople contact at a shop. Service quality was reported to be a directly influencing element to customer satisfaction(Kim, 2002). The higher the service quality is, the higher the possibility of customer satisfaction. As satisfied customer will intend to keep in contact in the future, service quality is a very important factor in ensuring and managing customers from a long term viewpoint.

Basically, CRM is carried out on reliance that forms a relationship with customer, and satisfaction commitment. reliance is mutual belief, and to rely on the partner with confidence (Mooman, Zatman & Deshpande, 1992). Customers' reliance is defined as the belief with confidence that the salespeople is reliable in that he/she will try to contribute to the customer's long term benefit(Crosby et. al., 1990; Doney & Can-

non, 1997). Also, it is customer's conviction that the salespeople will observe the promise with the customer and perform his/her role and duties as a salespeople, and be faithful(Geyskens, Scheer & Kumar, 1996). Ahn(2001) said that reliance is formed when a salespeople shows ceaseless interest to a customer with affection and passion toward the customer, and that no matter trivial things it is, it would have a vital effect on the relationship if the customer feels regretful.

Satisfaction is something like 'enough' according to Oliver(1993), who defined it as customer's evaluation by cognitive difference between the expectation before consumption and the actual performance of the good after consumption. Customer who was satisfied with a good or a service has influence on CRM performance such as repeated purchase, positive verbal advertising behavior, favorable attitude (Ganesan, 1994). Also, when a customer is satisfied with the salespeople, it often leads to satisfaction with the enterprise (Reynolds & Beatty, 1999). Satisfied customer has an important influence on stay or leave decision. Effects of customer satisfaction like re-purchase and positive verbal advertising prevents customers from leaving and creates new customers (Kim & Oh, 2002).

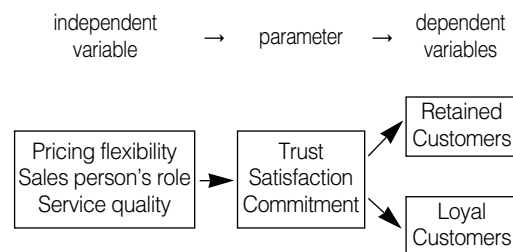
Commitment is one's inner psychological status that one feels oneself tied or related to other person or something other(Lee & Sung, 2001). Or, it is a continuous desire to keep the relationship with the opposite, and defined as implied or specified statement or a continuous mutual desire between the partners(Dwyer et. al., 1987; Moorman et. al., 1992). This commitment has a positive influence on future interaction, meaning a psychological promise along with the expression like royalty, preference, and coalition

beyond just satisfaction. Like this, customer's higher reliance and satisfaction naturally lead to commitment and then royal customer in the committed phase. Based on these previous studies, the author set a study model with price, salespeople role and service quality as independent variables, and reliability, satisfaction, and commitment as parameter variables, and retained customers and royal customers as performance variables, among the many promotion strategic elements.

### III. Methodology

#### 1. Research Model

In order to examine the causation in the effects of promotion variables of fashion goods on CRM and seek CRM-based strategic measures by identifying key CRM factors and influential factors of customer categorization, we suggested the following research model:



<Fig. 1> Research Model

#### 2. Measuring Tool

Based on hypothetical grounds, we selected several variables suitable for the purpose of this study and suggested a research model ranging from independent variable via parameter to

dependent variable. For this sake, we made a measuring tool in the form of questionnaire whose questions were adapted and complemented in accordance with the characteristics of clothing products based on previous studies. Flexibility of price, an independent variable of CRM, was measured Reserve fund, Discounted pricing by using the price relating items used in Lee and Lee(2002). Salespeople's role was measured Professionalism, Similarity, Attractiveness of based on Crosby, Evans, and Cowles(1990), and Doney and Cannon(1997), Kim(2002), Cheon(1999). Service quality was measured tangibility, reliability, responsibility, assurance, and empathy by extracting and modifying the 20 question items of the service quality measurement items developed by Parasuraman et. al., (1988).

Parameters of CRM were composed of reliability items by consulting Crosby et. al., (1990), and Doney and Cannon(1997). Satisfaction was constructed by consulting Crosby et. al.,(1990), and commitment by extracting from Mogan and Hunt's study(1994). Performance variables were constructed with retained customer items and royal customer items by modifying the index used in Kim's study (2001) and Cheung's study (2001). Questions were organized using Likert 7-point scale that ranges from 1 point('not at all') to 7 points('so really'). The demographic characteristics of respondents were measured through nominal scale.

### 3. Subjects and Data Analysis

In this study, we surveyed adult male and female groups at the age of 20 or older in Korea seoul, adjacent metropolitan areas and other

regions, so as to determine any influential relationship between promotion strategies for fashion goods and CRM. To determine the validity of each question, The 1st survey was consisted of adult male and female groups at the age of 20 or older residing in seoul. A total of 83 questionnaires were collected but we took 62 questionnaires from the 1st survey and used them for reliability and factor analysis. Then we adapted or complemented existing questions with regard to repeatability of certain questions, validity, ease of response and factor stressing rate, while eliminating any question that might compromise the internal coherence. In this manner, we came to complete a final questionnaire. It was distributed 1500 questionnaires by e-mail. This survey was performed during March 2003, and 672 questionnaires were used for final analysis, except for uncompleted ones out of total 800 questionnaires returned herein.

For data analysis, we used SPSSWIN 10.0 and AMOS 4.0 to perform exploratory factor analysis, reliability analysis, confirmatory factor analysis, correlation analysis, and structural equation model analysis. To examine the reliability of inner agreement used in the study, Cronbach's  $\alpha$  was analyzed.  $\alpha$  had a reliability ranged 0.81 ~ 0.95, indicating an inner consistence.

### 4. Sample Grouping

The samples selected herein can be grouped by demographic variables, as shown in Table 1.

According to the distribution of samples as shown in Table 1, male group occupies 44.5%, while female 51.5% by gender. By age, 20's group comprises 46.6%, 30's 44.8%, 40's 8.0%, and 50's or older group 0.6% respectively, and it is notable that 20's and 30's comprise a majority

&lt;Table 1&gt; Demographic Characteristics of Each Sample Group

(Unit in blank: %)

Variables	Group	Male 299(44.5)	Female 373(51.5)	Subtotal 672(100)
Age	20~29	100(14.9)	213(31.7)	313(46.6)
	30~39	154(22.9)	147(21.9)	301(44.8)
	40~49	42( 6.3)	12( 1.8)	54( 8.0)
	50 or older	3( 0.4)	1( 0.1)	4( 0.6)
Marital Status	Married	142(21.1)	148( 22.0)	290(43.2)
	Unmarried	157(23.4)	225( 33.5)	382(56.8)
Occupation	Student	50( 7.4)	92(13.7)	142(21.1)
	Homemaker	0( 0.0)	98(14.6)	98(14.6)
	Salaried Employee	200(29.8)	142(21.1)	342(50.9)
	Freelancer	15( 2.2)	24( 3.6)	39( 5.8)
	Self-employed Person	35( 3.7)	6( 0.9)	31( 4.6)
	Other(unemployed)	9( 1.3)	11( 1.6)	20( 3.0)
Residential Location	Seoul	95(14.1)	128(19.0)	223(33.2)
	Metropolitan Areas (Gyeonggi/New Town Areas)	86(12.8)	112(16.7)	198(29.5)
	Other Regions	118(17.6)	133(19.8)	251(37.4)

of whole sample, as much as 91.4%. It is possibly attributed to the fact that every questionnaire was distributed to respondents on the web, and the young generation familiarized with computer comprises overwhelming ratio of all respondents. And for residential location, Seoul group occupies 33.2%, adjacent metropolitan areas (Gyeonggi/New Town Areas) 29.5%, and other regions 37.4% respectively, which shows relatively uniform distribution.

## IV. Results

### 1. Exploratory factor analysis and reliability analysis

As the first step to verify the reliability and feasibility of each concepts, factor construct of independent variables was examined through

exploratory factor analysis by principal component analysis. Varimax rotation was done to maintain the community of matrix constituents. Plus, inner consistency was examined through confidence analysis, as in Table 2.

As the results of exploratory factor analysis to examine whether or not the factors were distinctive, all theoretical variables were well representing the measurement variables. But, service quality was grouped with 2 factors of which eigenvalue was over 1 and named as stability and responsibility of store. Analyzed with the variables in a theoretical model, it had eigenvalue over 0.7, accounting 64.36% - 73.42% for entire variation. Reliability analysis was carried out to examine the inner consistency of the factors. As reliability includes stability, consistency, predictability of measurement, and accurateness, an item that can possibly elevate the reliability of the first question was deleted and

<Table 2> Exploratory factor analysis and reliability analysis

	factor of CRM		item quantity	Eigenvalue	Cumulative%	total%	cronbach's $\alpha$
independent variables	Pricing flexibility	Reserve fund	4	4.46	36.54	70.02	0.865
		Discounted pricing	4	1.14	33.48		0.837
	Sales people's role	Professionalism	4	0.72	20.42	68.71	0.831
		Similarity	4	6.51	25.71		0.860
		Attractiveness	4	1.01	22.58		0.810
	Service quality	Security	8	11.34	39.61	64.36	0.950
Responsiveness		7	1.54	24.75	0.904		
Parameter	Trust		5	7.18	30.84	73.42	0.860
	Satisfaction		4	0.89	23.39		0.909
	Commitment		3	0.73	19.19		0.811
Dependent variables	Retained customers		3	54.68	35.13	68.99	0.843
	Loyal customers		4	0.82	33.86		0.830

then the final item was analyzed again. Cronbach's  $\alpha$  was .81 - .95, quite high, which indicated that measurement items of the study were in a good inner consistency.

## 2. Fit Index in Confirmatory Factor Analysis

Confirmatory factor analysis is the fundamental basis for analyzing structural equation model. It is applied to a list of measurement factors as validated in the aspect of reliability, which follows the results of exploratory factor analysis and reliability analysis. It is also a concept that indicates whether specific concepts or attributes to be determined are correctly measured. Confirmatory factor analysis intends to verify the validity of measuring tool devised to measure those concepts, so it relates to whether relevant attributes are exactly reflected.

During confirmatory factor analysis, we eliminated any question that might compromise the internal coherence of 1st factor analysis in each measurement factor, while enhancing the

validity to draw a condition of optimized question combination. To evaluate fit index in each factor, we made use of several values such as  $\chi^2$ , GFI, AGFI, RMR and NFI. In the model of structural equation,  $\chi^2$  value indicates difference between actual data value and model-based estimation value. That is,  $\chi^2$  value is in inverse proportion to model's goodness of fit, and GFI(goodness of fit index) is a basic fitted value and an index that shows how much well it may explain variance/covariance of given model data. In general, GFI ranges from 0 to 1 and doesn't follow any fixed distribution. Although there is not any statistical test criterion for GFI, it is widely accepted that 0.9 or higher point of GFI becomes a criterion for considering a given model as very good one. In the covariance analysis, sample size of 100 ~ 200 produces a value suitable for verification of statistical significance, but if the sample size deviates from this range, it is hard to ensure the reliability of calculated  $\chi^2$ . Thus, it is not safe to say that the probability of  $\chi^2$  less than 0.05 lowers the entire fitness of the model, and it is more



&lt;Table 3&gt; Fit index for each factor according to confirmatory factor analysis

100, 105a

Factor	Sub-categories	RMR	GFI	AGFI	NFI	X <sup>2</sup>	P value	
Independent variables	Pricing flexibility	Reserve fund	0.034	0.985	0.923	0.865	20.234	0.000
		Discounted pricing	0.121	0.892	0.459	0.865	166.473	0.000
	Salespeople's role	Similarity	0.060	0.952	0.758	0.950	65.738	0.000
		Attractiveness	0.021	0.995	0.974	0.992	7.364	0.025
		Professionalism	0.029	0.985	0.925	0.979	21.295	0.000
	Service quality	Responsiveness	0.050	0.875	0.825	0.916	550.128	0.000
Security		0.062	0.885	0.753	0.907	276.040	0.000	
Parameter	Trust	0.033	0.960	0.881	0.967	73.830	0.000	
	Satisfaction	0.047	0.958	0.792	0.958	55.370	0.000	
	Commitment	0.000	1.000	1.000	1.000	0.000	*saturated	
Dependent variables	Retained customers	0.059	0.979	0.897	0.968	29.498	0.000	
	Loyal customers	0.037	0.973	0.863	0.969	38.121	0.000	

\* 'saturated' indicates the saturated model with 3 questions for measurement.

general to make a conclusion by taking account of other index. In this study, the sample size was 672, enough large, and it is not agreeable to make a conclusion that the model is not suitable according to only  $\chi^2$  and the probability of  $\chi^2$ . It is more desirable to interpret by consulting GFI, AGFI, NFI, and CFI, rather than  $\chi^2$  value. As the model fit indices of the study was not a fairly good model but of fitness more than medium, it can say that the fitness of study model was good with no trouble and statistically significant (Chae, 2002).

The results of confirmatory factor analysis showed that independent variable's GFI = 0.87~0.99, parameter's GFI = 0.95~0.96, and dependent variable's GFI = 0.97, which indicates that there is no difficulty in modeling.

It proves that each measurement item of this study reflects theoretical variables, i.e. the given model has certain validity. Fit indices for these independent variables, parameters and dependent variables can be outlined as Table 3,

respectively:

### 3. Correlation Analysis

In order to determine the direction of relationships among factors with proven fit as a result of confirmatory factor analysis and how much correlated those factors are with one another, we used Pearson's moment correlation coefficient to perform correlation analysis. This correlation analysis refers to a technique to determine how much correlated two variables are with each other. As the correlation coefficient approaches 1, we can say that there is a very close association between two variables (table 4).

It can be assumed that any significant result of correlation analysis meets the criterion-related validity. Table 3 shows that there are significant positive correlations among different factors at the level of  $P < 0.01$ . There are high correlations between endogenous variables (trust, satisfaction,

&lt;Table 4&gt; Correlation among variables

100, 105a

Factor	Pricing flexibility	Salesperson's role	Service quality	Trust	Satisfaction	Commitment	Loyal customers	Retained customers
Pricing flexibility	1.000	-	-	-	-	-	-	-
Salesperson's role	.607**	1.000	-	-	-	-	-	-
Service quality	.568**	.760**	1.000	-	-	-	-	-
Trust	.514**	.694**	.728**	1.000	-	-	-	-
Satisfaction	.541**	.697**	.811**	.758**	1.000	-	-	-
Commitment	.399**	.570**	.694**	.654**	.739**	1.000	-	-
Loyal customers	.527**	.656**	.739**	.732**	.794**	.733**	1.000	-
Retained customers	.429**	.560**	.658**	.629**	.655**	.694**	.722**	1.000

\*\*  $p < .01$ 

commitment) and service quality, while commitment is in relatively low correlation with pricing flexibility. Moreover, endogenous variables like trust, satisfaction and commitment are in high correlation with loyal customers. Thus, it can be accepted that every variable meets validity to more or less extent and has validity for follow-up analysis. Summing up, these strong correlations among variables imply that this hypothetical research model will be very likely in accordance with given data.

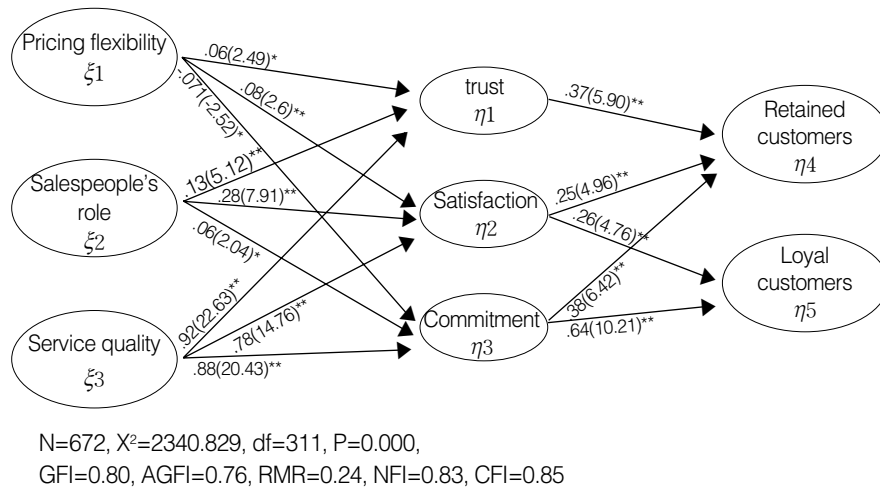
#### 4. Fitness of Research Model and Result of Analysis

Structural equation model refers to an equation model to determine any causation between models through measurement model and theoretical model. Confirmatory factor analysis allows us to discover potential factors without any measurement error, and determine how to link factors and even dynamic association between variables in more comprehensive aspects. Fit

index and path coefficient of whole model as built by structural equation model are shown in Fig. 2. Here, path coefficients indicate standardized numerical values, and numbers in blank show t-value of relevant path.

As a result of analyzing research model hereof, GFI is 0.80 and less than general basis because the sample size was 672, enough large, So, It is more desirable to interpret by consulting GFI, AGFI, NFI, and CFI. As the model fit of the study was not a fairly good model but of fitness more than medium, it can say that the fitness of study model was good with no trouble (Chae, 2002).

It was found that pricing flexibility had influential relationships with trust, satisfaction and commitment. Especially, it has a negative influential relationship with commitment. Supporting Cheon and Chung's results(2002) that presentation of normal price and discounted price at the same time could induce consumers to guess the normal price as more expensive and elevate reliability on the normal price, the result of the study turned out that committed consumers don't



<Fig. 2> Result of Analyzing Research Model

trust price change such as discount price. It implies that discounted pricing policy may succeed in attracting customers and driving ongoing relationships enough to satisfy them, but there is a negative influence to prevent customers from any motivation into commitment. Therefore, in a sense of customer's mistrust in offered price, pricing discount may have a risk of affecting company images. That is why we have to take special care of pricing policy from the angle of discount width or methodology.

On the other hand, it was found that salespeople's role had significant influential relationships with trust, satisfaction and commitment. Especially, it had much more influential relationships with satisfaction. Conclusively, This result was supportive to Kim (2002) and Cheon(1999). Cho and Gu(2002) also reported that customer-oriented sales rather than selling-oriented sales gave much influence on customer satisfaction, secured regular customers and customer's royalty. It was also supportive to Lee(2003) and Kim(2001), who said that

salespeople is a who forms a relationship with a customer at the customer contact point and CRM performer, giving influence on customer relationship.

Notably, service quality had much more influential relationships with trust, satisfaction and commitment than pricing flexibility or salespeople's role selected as promotion variables. Kim(2001) who reported that service quality was directly and indirectly related to customer satisfaction. It is in the same vein with Kim(1999) who made a classification of fashion stores by service quality, Hong(2000) who showed that service quality has a direct influence on customer satisfaction, reliability, and commitment. It is possibly attributed to the fact that service quality may meet various customer needs and desire by reflecting personal or physical service and company services, and is also associated with company images. Hence, it verified that service quality is essential out of promotion variables and also a key factor of CRM.

Parameters also have significant influential relationships with dependent variables. Retained customers showed significant influential relationships with trust, satisfaction and commitment, while loyal customers did so with satisfaction and commitment. Especially, the latter had more influential relationships with commitment than satisfaction, but no relationships with trust. On the other hand, the former seems to be more affected by customer satisfaction and commitment rather than simple trust. Cho and Park(1999) who showed that store image had much influence on customer satisfaction but an indirect influence on store royalty. In addition, it is noteworthy that established trustful relationships with retained customers cannot necessarily assure their conversion into loyal customers.

## **V. Conclusion and Suggestions**

The conclusion of this study can be outlined as follows:

First, it was found that pricing flexibility, a promotion variable adopted as independent variable of CRM, had significant influential relationships with trust, satisfaction and commitment in CRM, although having negative relationships with commitment. Salespeople's role had significant influential relationships with trust, satisfaction and commitment in CRM, especially having more influential relationships with satisfaction. It means that salespeople's role is an essential factor for driving customer satisfaction.

Moreover, service quality had relatively higher influential relationships with trust, satisfaction and commitment in CRM than other independent

variables like price or salespeople's role, which implies that service quality is the most important factor.

Secondly, retained customers as a dependent variable of CRM showed influential relationships with trust, satisfaction and commitment, while loyal customers did so with satisfaction and commitment, except trust.

Summing up, promotion variables of fashion goods, i.e. pricing flexibility, salespeople's role and service quality had significant influential relationships with trust, satisfaction and commitment. Notably, service quality showed the most influential relationships with those parameters, which implies that it is an essential variable of CRM, because it incorporates a comprehensive service that care for even detailed needs of customers, such as in-shop atmosphere, kindness, politeness, responsiveness to customers, space available for services and facilities. Thus, successful and reliable CRM requires more dedicated efforts to the aspects of service quality.

In addition, parameters like trust, satisfaction and commitment showed influential relationships with dependent variables. Trust had significant influential relationships with retained customers, but didn't so with loyal customers. It means that even established trustful relationships with retained customers cannot necessarily assure their conversion into loyal customers, and also requires that those customers should be driven to customer satisfaction.

Conclusively, this study may have its own significance in that it revealed that promotion variables have more or less influence on parameters and dependent variables, and identified a key factor of CRM, i.e. service quality. Additionally, this study shows a possibility to

make an advanced marketing strategy by categorizing existing customers according to influential relationships in CRM and providing differentiated services for each customer group to drive customer satisfaction for each target.

The author made the following suggestions for future studies in consideration of the limit of the study. Firstly, the meaning of the study lies in that it verified the fact that fashion goods promotion have influence on the quality and the performance of CRM. There are various factors for CRM other than those used in the study such as flexibility of price, salespeople's role, and service quality. Thus, it is required to study promotion strategies in more systematic manner by applying more detailed factors one by one to identify a relationship among them. Secondly, reliability, satisfaction, and commitment selected as CRM parameters were measured in a single dimension in this study, but if their properties are segmented in multi-dimension, it might be able to produce more accurate outcomes.

The study had some limit in that the study model was restrictively set, and the survey was performed on internet so it could exclude such a generation not familiar with internet or computer and even the consumers other than them. Care is required to interpret the results.

## References

- 1) Ahn, S. H. (2001). A Qualitative study on the relationship between customers in apparel store and shop manager Doctoral dissertation Pusan National University.
- 2) Chung, J. S. (2001). "A Study on the factors associated with CRM Construction", Master's Thesis, Graduate School of Kyunghee University.
- 3) Chae, S. I. (2002). Principle of marketing research(3rd Edition). Published by Hakhyunsa.
- 4) Cho, E. Y., Ku, Y. S. (2002). A study customer satisfaction of salespeople and salespeople loyalty in apparel stores. *Journal of the Korean Society of Clothing and Textiles*, 26(3/4), 431-442.
- 5) Cho, K. H., Park, B. K. (1999). "An empirical study of the Effects of the Switching Barrier and Customer Satisfaction on Store loyalty", *Journal of Korean Academic Society of Business Administration*, 28(1), pp. 127-149.
- 6) Cheon, Y. M., Chung, M. H. (2002). "Control effects of semantic cues on discount type in the advertising of clothing goods price discount", *Journal of Korean Clothing and Textile*, 26(9/10), pp. 1342-1353.
- 7) Chun, H. K. (1998). The effects of a fashion store saleswoman's age and clothing on elderly female consumers likability and intent to purchase. Doctoral dissertation Sung Kyun Kwan University.
- 8) Crosby, L. A., Evans, K. R, & Cowles, D. (1990). Relationship quality in services selling: an interpersonal influence perspective. *Journal of Marketing*, 54(July), 68-81.
- 9) Doney, P. M., Cannon, J. P. (1997). An examination of the nature of trust in buyer-seller relationships. *Journal of Marketing*, 61(April), 35-51.
- 10) Dwyer, F. R., Schurr, P. H. & Oh, S. (1987). Developing buyer-seller relationships. *Journal of Marketing*, 51(April), 11-28.
- 11) Geyskens, I., Steenkamp, E. M. & Kumar N. (1999). A meta-analysis of satisfaction in marketing channel relationships. *Journal of*

- Marketing, Research*, 36(May), 223-238.
- 12) Greenberg, P. (2001). CRM at the speed of light. Osborne/McGraw Hill.
  - 13) Hwang, S. J., Hwang, K. S., & Lee, J. N. (2000). "The effects of service quality on consumer satisfaction of fashion retail stores" *Journal of Korean Clothing and Textile*, 24(3), pp. 323-334.
  - 14) Jackson, B. B. (1985). Winning and keeping industrial customers: The dynamics of customer relationships. Lexington, ma: Lexington books.
  - 15) Kim, E. J., Lee, S. J. (2001). The influences attributes of salespeople's working at apparel store on relationship with consumers. *Journal of the Korean Society of Clothing and Textiles*, 26(11), 1570-1581.
  - 16) Kim, H. S. (2001). Core success factors in the construction of customer relationship through e-CRM. Master's thesis, graduate school of Kyunghee University.
  - 17) Kim, J. B. (2001). Effects of relationship marketing factors on the quality of relationships and customers' preference for department stores. Master's dissertation Choson University.
  - 18) Kim, K. S. (2001). "A Study on Customer-oriented Service Operation to Customer Satisfaction", *Journal of Koran Society of Qality Mangement*, 29(2), pp. 76-92.
  - 19) , K. C. (1998). Establishment of relationship marketing strategies by controlling service quality. Doctoral dissertation Yonsei University.
  - 20) Kim, S. H., Oh, S. H. (2002). The effect of customer value on customer satisfaction and repurchase intentions in the service industry. *Journal of Korean Association of Industrial Business Administration*, 17(1), pp. 65-91.
  - 21) Lee, B. H., Lee, S. H. (2003). CRM marketing of shopmasters in designer brand products. *Journal of the Korean Society of Clothing and Textiles*, 27(2), 239-249.
  - 22) Lee, H. Y. (2001). Analysis of successful and failed CRM cases for creating. additional marketing values. *Journal of the Korean Marketing*, (7), 20-29.
  - 23) Lee, J. Y. (2000). A Study on the Repurchase Intention of Clothing in the new type of distribution business: Discount stores and Home shopping. Doctoral dissertation, Graduate school of Sookmyeung Women's University.
  - 24) Lee, K. H., Lee, E. Y. (2002). Toward a conceptualization of clothing price perception; A toxonomy of shopping behavior", *Journal of Korean Clothing and Textile*, 26(6), pp. 877-888.
  - 25) Lee, S. S., Sung, Y. S. (2001). Customer commitment in buyer-seller relationship: Multidimensional approach, *Korean Society of Consuer Studies: Consumer and Advertisement*, 2(2), pp. 31-59.
  - 26) Jernigan, M. H., Easterling, C. R.; translated by Lim, S. J. at al.(1999). Fashion merchandising and marketing. Kyomunsa.
  - 27) Moorman, C., Zaltman, G., & Deshpande, R. (1992). Relationships between providers and users of marketing research: The dynamics of trust within and between organizations. *Journal of Marketing, Research*, Vol. 29(August), 314-329.
  - 28) Morgan, R. M., Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(July), 20-38.
  - 29) Oh, Y. S., Koh, A. R. (2002). A study on the perceived shopping vale and consumer

- satisfaction as related to consumer's deal proneness. *Journal of the Korean Society of Clothing and Textiles*, 26(7), 1066-1077.
- 30) Oliver, R. L. (1993). A conceptual model of quality and service satisfaction. the *Academy in Service Marketing and management*, Terea A. Bowen, and Stephen W. Brown eds., Greenwich, CT : JAI Press, 65-86. Swarts, Davis X.
- 31) Parasuraman, A., Zeithaml, V. A. and Berry, S. S. (1988). A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49(Fall), 41-50.
- 32) Hong, K. H. (2000). Service quality and store satisfaction according to apparel store types. *Journal of the Korean Society of Clothing and Textiles*, 24(5), 760-771.
- 33) Yu, C. J. (1999). Sales tactics of successful salespeople's and their customer relationship management. *Marketing*, 7, 26-29.

---

Received 8 April, Accepted 25 May.