Fashion retailing in the new economy: the case of SMEs

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Abstract

Purpose – The purpose of this paper is to identify how small to medium-sized enterprise (SME) fashion retailers can achieve a true understanding of customer trends to close the needs to offer gap in a highly dynamic sector.

Design/methodology/approach – A single case study approach is adopted in light of the limited research in this area. Data collection involved a multi-stage and multi-methods approach over a six month period to increase the validity of findings and the triangulation of data.

Findings – The findings of this paper highlight, first, the need for formal CRM intervention; and, second, the issues involved in the implementation of a loyalty program.

Originality/value – In the absence of specific knowledge in this area, a framework is developed to advance both theoretical and practical understanding of how SME fashion retailers can build and manage close customer relationships in the new economy.

Keywords Customer relationship marketing, Fashion, Retailing, Small to medium-sized enterprises, Single case study, Customer relations

Paper type Research paper

1. Introduction

It is widely accepted in the literature that the key to retailing is to understand one's customers (Grewal *et al.*, 2009). In a time of unprecedented retail change and turbulence were customers are constantly adapting their consumption behaviour (Sands and Ferraro, 2010), understanding customer needs and wants has become a matter of survival for fashion retailers of all sizes. While in theory fashion retailers can apply a variety of marketing tactics to build close customer relationships (e.g. multichannel integration, social media interaction, and loyalty programs), limited is known about the relevance and application of such strategies for small to medium-sized enterprises (SMEs). The focus of investigation in this paper is customer relationship marketing (CRM) intervention for SME fashion retailers operating in the "New Economy" (Spellman, 2011). This research agenda reflects the significant contribution of the fashion sector to the UK economy and the priority of customer relationships in the day-to-day operations of SMEs which typically involve a fight for survival (Ashworth *et al.*, 2006).

While the challenges of fashion buying and merchandising are generic, implementation ultimately depends on the organisational context of the firm (Bruce and Hines, 2006) and in the case of this paper, the SME fashion retailer. While limited resources inevitably restrict the scope of marketing practice in small firms (O'Dwyer *et al.*, 2009), there is now increasing evidence of proactive and formalised CRM implementation in SMEs (Alshawi *et al.*, 2011) This paper argues that the idiosyncrasies of SMEs do not make smaller fashion retailers exempt from

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implementing more formal strategic CRM tools to close the needs-to-offer gap in the marketplace (Favaro *et al.*, 2009). However, the question of how fashion SME retailers implement and manage formal CRM intervention remains an unanswered priority in the literature.

The aim of this paper is to explore the CRM intervention of an SME fashion retailer based in the UK. More specifically, the objectives are to first explore the relevance of a formal CRM intervention for SME fashion retailers, and second, to understand the issues involved in the implementation process. Understanding CRM to enhance growth and profitability is not only a priority for SME retail owner managers, but a critical area for academic research. First, empirical knowledge of CRM intervention within the SME retail sector will aid business owners in taking account of changing trends and in managing profitable relationships with customers. Second, from an academic standpoint, this research contributes to the study of CRM implementation in the retail literature, which has received limited attention relating to the fashion and SME context.

The structure of the paper is as follows. Research background to understanding the UK retail fashion industry is first presented before a review of the retail and SME marketing literature relating to CRM. Following this, a discussion of the research design and data collection methods adopted is provided. Thereafter, the case study findings are presented. In conclusion, the paper denotes the contribution of the study to existing knowledge in the retail literature, in addition to managerial implications and recommendations for future research in the area.

2. Fashion retailing

The retail fashion industry is not stable or static, but is characterised by a continuously changing environment whereby retailers continuously adapt their products, services and images to meet the demands of the consumer market (Lewis and Hawksley, 1990). It is the fast turnover of consumer trends and an appetite for cheap clothes, which characterises the UK retail fashion industry in the "New Economy". While value retailers and fast fashion have lead growth in the clothing sector, in 2011 it is estimated that the market has fallen in value by 0.9 per cent to £763 billion (Retail Week, 2011). The dramatic entrance of supermarkets into the fashion arena has intensified competition and redefined how customers shop for fashion, enabling time-starved customers to purchase cheap fashion as part of the weekly shop, rather than visiting the high street (Bruce and Hines, 2006).

Fashion retailers are continuously trying to improve market position by re-evaluating their product and service provision and investing in new innovative marketing strategies in-store (Birtwistle *et al.*, 1998) and online via multi-channel activities (Wallace *et al.*, 2004; Dholakia *et al.*, 2005; Ashworth *et al.*, 2006). Most significant is the number of new internet retailers, enjoying the benefit of commonly low market entry costs, which attributes to the rising level of internet sales of goods as a proportion of total retail sales (Retail Week, 2011). It has been found that for fashion retailers, customer loyalty leads to better business results, by decreasing marketing costs and generating barriers to market entry (Marzo-Navarro *et al.*(2004). Therefore, in the new economy, the development and implementation of effective CRM is more critical than ever in order to sustain competitive advantage in the retail fashion sector (Kenyon and Vakola, 2001; Moore and Fairhurst, 2003).

In view of the focus of this paper on the SME fashion enterprise, most notable in 2011 is the outperformance of multiple chains and larger retailers in comparison to smaller independent retailers (Retail Week, 2011). Indeed, intensified competition as a result of consumer power in the marketplace has lead to the closure of a significant number of smaller independent fashion retailers unable to cope with difficult economic trading conditions. While difficulties and challenges seem to mark this New Economy, there are also opportunities for growth, unsatisfied customer demand and potential sources of competitive advantage (Spellman, 2011). This paper argues that such opportunities are available to large and small fashion retailers alike. Given that change is no longer an option but prerequisite for survival, very little is understood about how SME fashion retailers can implement strategies in response to changing consumer demands, and in particular, how they can leverage more limited resources to close the customer needs to offer gap.

3. Review of the literature

3.1 Customer relationship marketing in retailing

Retailers have traditionally been transaction orientated rather than relationship orientated (Mulhern, 1997). But, in recent times, it is evident that current retail strategy has moved towards a relational perspective with customers rather than products as the central focus (Sheth *et al.*, 2000). The closeness of the retail industry to consumers intuitively suggests that the nearer the retailer can get to the customer the better they will be able to provide the service the customer seeks (Kent and Omar, 2003). It is therefore argued that if retailers can combine knowledge of their customers with the knowledge of their supplier offerings and competitors, they will be able to develop unique merchandise combinations in the market (Griffith *et al.*, 2006). Building upon the stages of relationship development by Levitt (1983), Kent and Omar (2003) identify five factors of RM success most important in retail management: commitment, trust, customer orientation/empathy, experience/satisfaction, and communication. These variables are explained in Table I.

As presented in Table I, it is obvious that retailers can apply a variety of tactics aimed at demonstrating their dedication to customer retention (Odekerken-Schroder *et al.*, 2003). For retailers, applications of customer focused relationship marketing have been facilitated by developments in direct and database marketing, evidenced by the widespread use of store loyalty cards, e.g. Sainsbury's Nectar Card, Tesco's Club Card, Debenhams Beauty Club Card, Superdrug Beauty Card and Ikea family card. From a retailer's perspective, the loyalty card is the prime interface between the retailer's database and the customer (Noordhoff *et al.*, 2004). It allows retailers to form close relationships by measuring customer purchases and attitudes (Sopanen, 1996), and uses customer retention, as opposed to market share, as a measure of success (Conway and Swift, 2000).

It is the enhancement of customer knowledge and customer loyalty, which are the key benefits of loyalty programs for retailers (Leenheer and Bijmolt, 2008). Most evident in the grocery retail sector, the thirst for customer knowledge has not only allowed such firms to develop relationships with customers, but to actually shape consumer purchase behaviour (Mauri, 2003). Such activity is less prevalent in the fashion retail sector, which is characterised by social media types of intervention used as a facilitating function in aiding product choice. In this case, it is the effects of a

Variable	Importance
Commitment	Defined as the intention to continue a course of action or activity, or the desire to maintain a relationship. This is often indicated by an ongoing "investment" into activities, which are expected to maintain the relationship. Commitment is likely to be stronger when levels of satisfaction are high, when the quality of alternatives is perceived to be poor, and when the investment size is large
Trust	Relationships in retailing must be based on mutual trust. Trust has the potential to influence the development of customer orientation and customer satisfaction. A high level of trust is likely to engender a more positive attitude, which in turn is likely to increase the level of customer orientation/empathy. Low trust can have the opposite effect
Customer orientation/empathy	This factor links with the concept of social bonding. Empathy means the ability to see a situation from someone else's point of view. In the initial stages of retail relationship development, the onus is more on the retailer to empathize with the customer, but as the relationship develops mutual empathy becomes increasingly important. Customer orientation therefore means adopting a collaborative strategy to retail operation
Experience/satisfaction	The decision to continue in a relationship can be seen as dependent on the level of congruity between relationship expectations and performance so far. Negative experience may hinder the relationship between retailer and the customer, and may even lead to customer defection. Customers tend to best remember the last experience, so that one positive experience may be sufficient to alter perceptions of more than one preceding negative experience, and vice versa
Communication	This is a vital component in the establishment of retail marketing relationships, yet it is a variable that is often assumed or taken for granted and consequently overlooked. Effective collaboration between the retailer and the customer or supplier and retail marketing coordination depend on effective communication. Communication between the parties therefore remains the pivotal factor to establishing successful relationships in retail management

Source: Kent and Omar (2003)

Table I.
Factors of successful relationship marketing in retailing

buyer's peer group in influencing purchase decisions that impacts upon the final outcome i.e. commercial transaction by the consumer in the retail organisation (Palmer and Koenig-Lewis, 2009).

3.2 Customer relationship marketing in SMEs

The wider marketing literature has focused on the differences between marketing practice in small and large organisations (e.g. Fillis, 2002; Gilmore *et al.*, 2001). For SMEs, it is argued that marketing forms one of the biggest problems that owner managers face in their operations (Reijonen and Laukkanen, 2010). SMEs are typically owner managed family or entrepreneurial organisations; their internal systems more collegial and less formalised (Spence and Essoussi, 2010). Limited resources (including finance, personnel, perception of function, skills and attitudes) can restrict the scope of marketing practice in these firms (O'Dwyer *et al.*, 2009), which results more often in haphazard, informal, unstructured, and reactive activity (Gilmore *et al.*, 2001). The role of the SME owner manager is well-known in customer marketing practice (Reijonen and Laukkanen, 2010). As the searcher and assimilator of information (Lybaert, 1998), the owner manager often fails to recognise the value of building relationships with customers (Fuelhart and Glasmeier, 2003).

Regardless of the characteristics of SMEs and the issues associated with lack of size and scale, basic marketing concepts such as segmentation, customer orientation, targeting, and positioning equally apply to SMEs as well as to large business organisations (Hogarth-Scott *et al.*, 1996). Indeed, customer focus is a central element of prediction for SMEs (Reijonen and Laukkanen, 2010), enabling small firms to maximise customer intelligence to predict and satisfy customer needs profitably (Narver *et al.*, 2004). However, it has been found that SMEs are often opportunistic in their customer information seeking behaviours (Reijonen and Laukkanen, 2010) and decision support tools tend to be a combination of static historical reports, analysis spreadsheets, and gut feel (Canes, 2009). More recent developments in social media marketing offer SMEs a less costly platform to reach new customers and maintain relationships with existing customers (Richardson *et al.*, 2010).

4. Methodology

The research involved a single case study within an independent SME fashion retailer based in the UK. This approach was deemed most appropriate in light of the aims of the study and due to the close interaction with practitioners as a tool to generate and test theory (Saunders *et al.*, 2003; Gibbert *et al.*, 2008). As part of the case study research design, a multi-stage and multi-methods approach was adopted to undertake a holistic viewpoint of CRM intervention in SME fashion retailers. A firm perspective of customer relationships, in addition to consumer data, is advocated in the retail literature (e.g. Leenheer and Bijmolt, 2008). The benefits of a multiple method research design are well documented (e.g. Mathison, 1988; Saunders *et al.*, 2007), including the increased validity of findings and the triangulation of data.

4.1 Data collection and analysis

The data collection stage of the study employed four complimentary methods over a six month period:

(1) Semi-structured interviews with merchandise manager and buyers in each department.

(2) Three focus group sessions with customers and non customers.

(3) Observation as a result of the author's employment in company.

(4) Company documentation, e.g. marketing/promotional material, sales figures, reports, and board presentations by the owner manager and senior management.

In the first stage of the study, the merchandise manager and buyers across five departments (i.e. in the fashions/women's clothing, accessories, underwear, linens and cookshop departments) were interviewed independently over a two week period in order to develop a close rapport and high degree of trust with the researcher, thereby improving the quality of the data (Webb, 1995; Stokes and Bergin, 2006). A number of research issues were identified in light of the literature, which provided a focus to the qualitative interviews, including present customer marketing strategies, customer relationship tools, and new target customer profiles. Interviews were approximately one hour in duration, recorded to increase the accuracy of data presentation (Patton, 2002), and then transcribed to enable the content analysis of the data (Easterby-Smith *et al.*, 2002).

In the second stage of the study, focus group research was conducted to gather information from Company A customers and non-customers. It has been found that customer feedback can identify problem areas and generate ideas for improvements in business organisations (Wirtz *et al.*, 2010). This approach was relevant for this study as it allowed the researchers to find out salient issues regarding Company A's CRM implementation from a customer and non-customer market perspective. Each of the three focus groups lasted over one hour, and participants were asked a list questions relating to their perception of Company A's customer relationship strategy focusing on the launch of their new loyalty card. Each session was video recorded and then transcribed. The data from the transcripts was analysed and structured deductively using theory and a predetermined framework analysis to assist with pattern matching and explanation building (Saunders *et al.*, 2003).

The third method utilised in this study was observation data. As a result of the author's employment as a research associate in Company A, this approach was used to gain in-depth insight into senior management decision-making and customer buying behaviour across a number of stores. Observations from working in Head Office, regular meetings with senior management and visiting stores across the region over a six month period were recorded in a diary and analysed in view of the empirical data and documentation collected (Saunders *et al.*, 2003). The fourth and final type of data collection was company documentation, which also contributed to the triangulation of the case study data (Yin, 1989; Scholz and Tietje, 2002). This data included sales figures and board presentations by the owner manager to senior management.

4.2 Case background

Company A is an independent family-owned SME fashion retailer offering middle market fashion and accessories in a highly competitive market suffering from the high profile failure of multinational and local retail stores on the high street. The company operates 20 stores in the UK and ROI, employing over 500 employees, and a turnover for the year ending 2010 of £18 million. In 2010, Company A launched a new e-commerce web site and customer traffic on the site has steadily increased to 56,000 clicks per month. To compliment their transactional web site, the company has also established profile pages on Twitter and Facebook with over 1,400 followers and friends.

In response to a significant downturn in customer sales, the owner manager of the company commissioned a two-year research project in 2010 with the aim not only to secure the long-term loyalty of existing customers, but to attract new customers into their stores. The findings of the paper will report on the first phase of the research project, which involved an internal appraisal of the CRM strategy utilised by the buying team and consumer market research. In reporting the findings, direct quotes from informants (managers and customers) are used to present the findings from this study, as they are believed to verify the data and reflect the phenomenon under investigation (Anderson *et al.*, 2007). Observation data and documentation are embedded within the subsequent reporting, primarily in terms of verifying the qualitative data collected via interviews and focus group research.

5. Findings

5.1 Need for formal CRM intervention

The findings of this study first underscored the strategic need for a formal CRM strategy across the entire business. The conflicting opinions within the buying department over the segmentation of Company A's target customer has also left the business with merchandise relevant to a wide range of ages but that ultimately fails to match the needs of the actual customer. The need for a change in strategy was exacerbated by the increasing level of marked down merchandise and subsequent reduced profitability (e.g. sales turnover in 2011 decreased by 15 per cent compared to 2010). The Managing Director of Company A explained "too many of our customers don't like enough of our stock, we need to sell more and markdown less" therefore it is now a matter of survival that the new CRM strategy solution "involves the whole company; implementing a turnaround plan of more newness and more fashion ability which will mean less risk and less markdowns".

It was also found that buying decisions were informal in nature, based upon historical sales data and personal opinion. The reliance upon anecdotal evidence by the buying team to date has created problems for the company, which has failed to exploit the life time value of each customer purchase. The lack of real time customer data resulted in a number of disparities within the buying department. For example, the fashion buyer believed that "our shopper (aged 50 +) likes comfortable smart clothes that last through a number of seasons, although does not want to feel too classic", while the accessories buyer purchases products for "woman 40 + who likes to look stylish [. . .] and would buy the latest colours". This was also acknowledged by customers who shop with Company A. As one customer at the focus group asked, "different age ranges can all wear that, so does Company A have a target clientele?" In response to this problem, the managing director of Company A commissioned a formal market research strategy to include "detailed customer focus groups so buyers can get a better handle on what our customer really thinks".

As a medium-sized family retail business, Company A has encountered some issues in terms of resource commitment, which has led them to adopt not only an informal approach to CRM, but a preference for less costly customer activity. In 2010, Company A launched a Facebook and Twitter page as a tool to build relationships with customers, but this has failed to deliver any real benefits to the business, as most friends and followers were staff members of the organisation. The findings further highlighted a lack of marketing expertise within the owner manager and senior management. To fill the gap in skills and knowledge, the company has appointed a new director responsible for marketing and retail operations. The managing director of Company A explained to staff in a letter that this is "recognition that we need newness, freshness and creativity in moving us forward [. . .] we are excited at the prospect of working and learning from someone with his experience".

5.2 Implementation issues

The CRM intervention in response to Company A's need for strategic change was a loyalty card program. Customers were encouraged to complete the application form in-store and received a plastic swipe loyalty card similar to the Tesco Clubcard. Within the first six months of the launch of the new CRM campaign, the company successfully signed up 35,000 customers. During the focus group research it was found that customers were very positive about the new loyalty program, but with a few considerations. As one customer stated "Yes I would join, but I would like to be treated better by finding out about sales before non-cardholders." This theme emerged throughout all the sessions with another participant commenting "If Company A held special events, VIP evenings giving 25 per cent off to cardholders with a first look at sale merchandise for cardholders would encourage me to join". However, in spite of an overall positive response, a number of issues quickly started to emerge during the implementation of the program. These created a new set of challenges for the company, related to internal commitment, department integration, data management, and customer communication.

5.2.1 Internal commitment. In terms of staff understanding and commitment to the new loyalty card program, it was soon evident that each department was operating in departmental "silos" and failed to take into account the common goal of this new strategy. In particular, a lack of communication and resource issues have left some members of staff feeling resistant to the change towards a customer focused loyalty program. Senior management had to make a number of redundancies during the launch the new program, which created a tribal attitude among the buying team. As a result member, staff felt disconnected to the implementation of process, resulting in a lack of internal commitment to the loyalty program, evidenced by one of the buyers who explained "There is no sense of teamwork or striving for a common goal". This was further exacerbated by the failure of the company to provide the IT infrastructure to support the loyalty program. As a staff member explained "Computer systems need to be reviewed now, as they are outdated".

5.2.2 Department integration. Prior to implementing a formal CRM strategy, departments across the company did not share information or meet regularly to discuss Company A's customer profile. This left each department with lack of vision and motivation to immediately accept the new loyalty program. In particular, this lack of integration was evident between the marketing and buying departments. It was observed that the project manager for the loyalty card found it difficult to work with the buying team in terms of acting upon the new customer data obtained. In this case of disintegration, staff within the buying department were not willing to use the loyalty card data to inform buying decision makings on the new Company A customer profile. This change in mindset from the traditional focus on the product and "shifting stock" was difficult given that the buyers had for many years formed such decisions according to personal perception of the Company A's target customer.

5.2.3 Data management. It was found that Company A did not operate a formal system for analysing customer data prior to the launch of the new loyalty card. Therefore, in the implementation process, whereby the IT software for the loyalty card was integrated with the Electronic Point of Sale (EPOS) system, a number of issues emerged. It was evident that while Company A now has a large customer database, they do not have a match in supply of the right skills to translate this information into a reporting tool to aid decision-making. As the e-commerce manager commented "We are not utilising the information we have". This was specifically evident in the marketing department who did not use the data to segment customers and send targeted communications to loyalty cardholders. Rather, the large database of customer contact details and buying behavior was used for mass customer dissemination of seasonal promotions. This in effect contradicts the purpose of the loyalty card program and renders CRM ineffective.

5.2.4. Customer communication. A lack of communication with customers during the launch of the loyalty card program was evident during the focus group sessions. Participants stated they were apprehensive about adopting a loyalty card given the associations with a more general store credit card. They commented "If it is one of those credit store cards, I don't want one of those" and "if they start torturing you at the till to use the card and sign up to it, it gets annoying". It was obvious from this stage of the study that the benefits of the loyalty card have not been fully communicated to the customer. The importance of multi-channel integration to ensure consistent communication with customers via this new CRM program has not been fully addressed by Company A. For instance, customers cannot use their loyalty card online with the retailer, making it difficult for customers to become a loyal shopper with Company A.

6. Discussion: moving forward: from CRM intervention to integration

The overall aim of this paper is to identify why and how SME fashion retailers can develop and implement a formal CRM strategy to encourage customer loyalty in the highly dynamic fashion industry. This new CRM intervention denotes a significant change for the company given their previous product and price orientated marketing strategy, were customer intimacy was viewed as peripheral to the core business. A formal and integrated approach to CRM is critical not only in managing relationships with current customers, but also in building market share to gain the loyalty of new customers (Marzo-Navarro *et al.*, 2004). In order for Company A to move forward from intervention to integration, the issues reported in this study (i.e. internal commitment, department integration, data management and customer communication) must be addressed. In light of the findings and the literature in this area, the following discussion will present a number of strategic objectives critical to the successful implementation of a CRM intervention i.e. customer loyalty for SME fashion retailers. These strategic objectives relate to the issues reported in this study and are presented as a framework in Figure 1.

6.1 Strategic objective one: companywide ownership and acceptance

In order to change the strategic focus of the company, it is evident that while senior management team has the vision, they now must ensure the acceptance from both staff internally and customers externally to drive the success of the loyalty card implementation. It is evident in the literature that CRM requires a change in focus of the entire organisation, which concerns a change in mindset rather than a change in rules (Berry, 1995; Gronroos, 1999; Sorenson and Sorenson, 2001; Leenheer and Bijmolt, 2008). The need for change is recognised by Company A's owner manager, the driver of this new formal CRM program throughout the business (Reijonen and Laukkanen, 2010). But, translating this new strategy into the business objectives of each department requires the internal commitment and action of all staff and across all departments. It is important that the change process is managed in such a way that staff in all departments, at all levels, and in each store feels part of the process (Chen

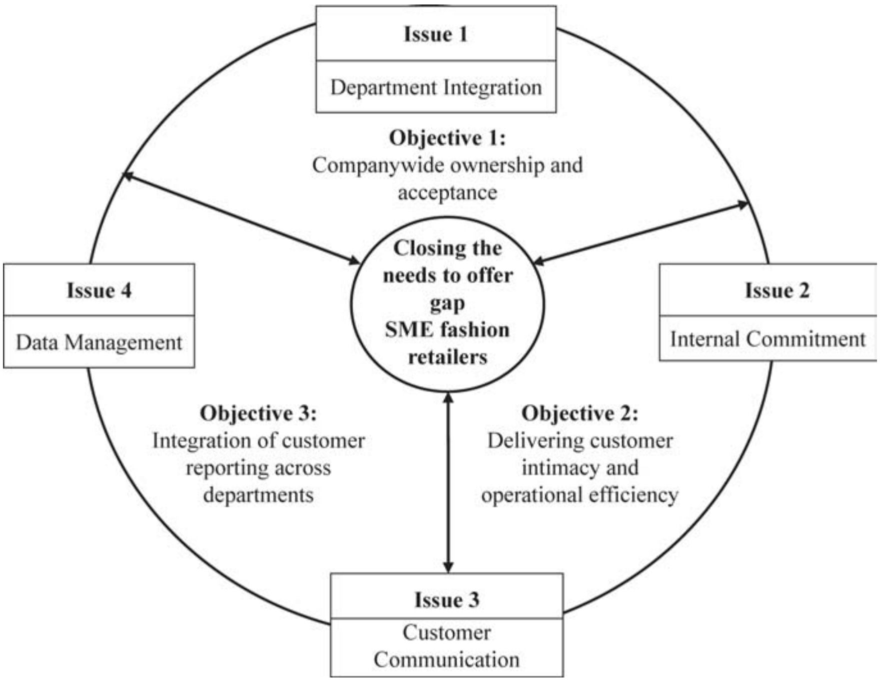

Figure 1.
CRM integration variables for SME fashion retailers

and Popovich, 2003). In addition, senior management must also communicate any change to suppliers in order to ensure that customer needs are fulfilled consistently and on time.

6.2 Strategic objective two: delivering customer intimacy and operational efficiency

Limited resources in terms of financial and human capital are challenges in the successful implementation of any CRM program in SMEs (Alshawi *et al.*, 2011). For SMEs, investment in any new program or system requires an impact upon the "bottom line". Therefore, there is a need for core processes that push empowerment to the point of customer contact with management systems that measure the cost of providing customer service, whilst maintaining loyalty. It is argued that a full IT and skills audit must be carried out to assess the "gaps" that exist in order to provide a road map for moving forward with the loyalty data management strategy. In the case of a lack of staff "buy in" to the need for customer intimacy in order to close the "needs-offer gap" (Favaro *et al.*, 2009), it is critical that management clarify the strategic objective and imperative of the loyalty program across the business. This will strike a balance between intimacy and efficiency, paramount to SMEs, and in turn increase sales turnover in a competitive sector such as fashion retailing.

6.3 Strategic objective three: integration of customer reporting

In order to realise the benefits of this new program, Company A must develop a clear and integrated reporting strategy across departments to solve the problem of data lacking in strategic use. To facilitate this, it is necessary for senior management to control the management of company data via regular data quality reporting and mechanisms to continually monitor the quality of the customer data collected (Winer, 2001; Reid and Catterall, 2005). Only when the data gathered from the loyalty card is integrated across departments and formally reported to all key decision makers will the company achieve consistency in their relationships with relevant customers. In doing so, the potential for competitive advantage will be realised by SMEs operating in a highly dynamic fashion sector.

7. Conclusions and implications for further research

The present paper has presented the case of an SME fashion retailer who has failed to exploit customer lifetime value in an industry characterised by ever-changing consumer demands. Information asymmetry has resulted in un-met customer expectations, loss of brand reputation, decreased customer sales, and loss of profits. In identifying the need for formal CRM, which in the case of this paper was a loyalty program, the study also yields insight into the issues involved in the implementation process. The in-depth case study data supports the need for more formal CRM implementation in fashion SMEs, which is critical to improved customer relationships and enhanced business performance (Alshawi *et al.*, 2011) for fashion retailers.

First, the findings of this study extend existing knowledge on relationship marketing and loyalty card implementation, which has focused primarily on multinational retailers in the grocery sector (Mauri, 2003). While building strong customer relationships is neither appropriate nor necessary for every market or company (Day, 2000), this paper confirms the urgency of formal CRM intervention for SMEs operating in the highly dynamic retail fashion sector, which supersedes any resource issues associated with size. Reflecting on Kent and Omar's (2003) factors of relationship marketing success, it has been found that for fashion SMEs customer orientation throughout all departments in the business is important to CRM success. Linked to this, is the commitment of management to communicating with both internal (i.e. staff) and external stakeholders (i.e. customers and suppliers), to ensure the acceptance and delivery of the new program. However, success will ultimately depend on the capacity of the business to analyse customer data collected and use it to make informed business decisions. For SMEs, any resource constraints in terms of management knowledge or skills must match the demands of a new CRM program.

Second, in terms of managerial recommendations, understanding the issues and strategic objectives as highlighted in Figure 1, is critical to enhancing growth and profitability for SMEs in the fashion sector. To overcome any problems in the implementation process, it is recommended that owner managers understand that the benefits of a loyalty program do not come without the effort and commitment of all staff. Indeed, the integration of a formal program can often conflict with the more informal and reactive organisational structure of SMEs. Therefore, as the introduction of any new program requires change throughout the whole business, acceptance from staff also will take time. In the case of a gap in CRM knowledge and/or skills, owner managers should consider the buy-in of expertise from outside the organisation or alternatively some formal training of management and staff.

Finally, the multi-perspective of this paper in the context of one in-depth case does not claim any generalisability. But, rather it is argued that this holistic and context sensitive analysis of CRM intervention in a fashion SME fashion retailer provides new and valuable insight into understanding CRM intervention in this sector. In view of the theoretical and practical implications of this study, the priority of this research agenda is realised, particularly given the significant contribution of the fashion sector to the UK economy and the priority of customer relationships in the day-to-day operations of SMEs (Ashworth *et al.*, 2006).

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