Chapter 1
Customer Relationships and Supply Chain Management in the Fast Fashion Industry

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ABSTRACT

Since the 1990s, the concept of customer relationship management (CRM) has emerged in the marketing literature by stimulating the interest of the academic community. It involves the integration of supply chain functions in order to achieve a greater efficiency in delivering and improving customer value. This chapter focuses on the fast fashion industry that represents a fascinating domain in which to investigate the management of customer relationships due to its particular features of short life cycle products, volatile demand, and high level of impulse purchase. In order to grow in the long term, fast fashion companies deal with a wide range of information to develop a good understanding of market trends. To date, few studies have examined CRM in the fast fashion industry, and thus, this research is addressed to contribute to filling this gap. The analysis of the key functions of fast fashion supply chains from a CRM perspective has been carried out and findings have highlighted an interesting strategic shift from simply meeting customers’ needs to driving customers’ behaviors.

INTRODUCTION

Since the 1990s, customer relationship management (CRM) has been considered increasingly to be relevant to companies willing to improve their profits through long-term customer relationships (Knox et al., 2007; Coltman, Devinney, & Midgley, 2011; Frow, Payne, Wilkinson, & Young, 2011; Payne & Frow, 2013). CRM involves building one-to-one relationships with customers that can drive value for the firm (Kumar, 2010; Kumar & Reinartz, 2016).

In current business environment, companies invest in CRM systems as strategic tools useful to process customer information and develop customer relationships (Soltani & Navimipour, 2016). In fact, CRM incorporates the integration of supply-chain functions in order to achieve a greater efficiency in delivering and improving customer value.

DOI: 10.4018/978-1-5225-5619-0.ch001
To date, few articles have focused on studying customer relationships in the fast fashion industry and have been centred on examining mainly the changes in customers’ lives (Sheridan, Moore, & Nobbs, 2006; Joung, 2014; McNeill & Moore, 2015; Chang & Fan, 2017). This research aims at contributing to fill this gap by investigating CRM in the fast fashion industry from a strategic management perspective.

Fast fashion is a fascinating field of research due to its particular features of short life cycle products, volatile demand, and unpredictability, and high level of impulse purchase (Barnes & Lea-Greenwood, 2006, 2010; Cachon & Swinney, 2011; Arrigo, 2016). In order to grow in the long term, fast fashion companies have to acquire a good knowledge of market trends and satisfy and anticipate customer needs better than competitors (Arrigo, 2016). To reach this purpose, since fashion is highly perishable and the demand highly uncertain, they must minimize the lead times (the time from the product design stage and its arrival in the store) (Mehrjoo & Pasek, 2016) and shape responsive supply chains able to carry garments quickly to the market.

The chapter is organized as follows: after the Introduction, Section 2 analyses the theoretical background on customer relationship management, fast fashion business model, and fast fashion supply chain management. Section 3 examines how fast fashion companies deal with their customer relationship management and, finally, Section 4 draws the conclusions.

THEORETICAL BACKGROUND

Customer Relationship Management

Customer satisfaction constitutes the fundamental element of the traditional marketing concept and implies the commitment to understand customer needs, to create value for the customer and to anticipate new potential customers’ issues (Lambin, Chumpitaz, & Schuiling, 2007).

In 2014, the Marketing Science Institute specified among its priorities that one of the most important tasks in marketing field was to create and communicate value to customers to drive their satisfaction, loyalty and profitability. Customer value depends on customers’ net assessment of the perceived benefits received from an offering compared to the costs they give up for satisfying a need. In particular, as suggested by Kumar and Reinartz (2016), the notion of customer value is dual; in fact, in order to be successful companies, need to create value for perceived customers and, at the same time, customers provide value to firms, namely the customer lifetime value. Therefore, the big challenge for companies is to find a way to align company processes and resources in order to create value for both to and from customers (Kumar & Reinartz, 2016).

CRM can be considered as a management philosophy and strategy that allows companies to optimize revenue and increase customer value and service quality through understanding and satisfying specific customers’ needs (Assimakopoulos, Papaioannou, Sarmaniotis, & Georgiadis, 2015; Soltani & Navimipour, 2016). The CRM begins with the assumption that companies view customers as strategic assets that are managed through three main stages: customer relationship initiation; customer relationship maintenance; and customer relationship termination (Reinartz, Krafft, & Hoyer, 2004; Reimann, Schilke, & Thomas, 2010). Consequently, companies should be engaged in customer relationships that occur during all the three stages. Internet and digital technologies have supported companies during the acquisition and elaboration of customer data and information, by providing them with the opportunity of developing E-CRM strategies (Adebanjo, 2003; Lee-Kelley, Gilbert, & Mannicom, 2003).
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