



E-ISSN: 2708-4523
P-ISSN: 2708-4515
Impact Factor (RJIF): 5.61
AJMC 2026; 7(2): 157-159
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www.allcommercejournal.com
Received: 06-11-2025
Accepted: 15-12-2025

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Impact of Customer Relationship Management (CRM) on street vendors' profitability

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DOI: <https://www.doi.org/10.22271/27084515.2026.v7.i2c.1021>

Abstract

Street vendors are an important part of the city economy because they sell cheap goods and services, but they usually have low profit margins and a lot of competition. In this situation, Customer Relationship Management (CRM) can be a simple but effective way to make more money, even if you don't have to spend a lot of money on software or formal systems. This paper explores how fundamental CRM practices such as friendly communication, recognizing repeat customers, ensuring consistent quality, addressing complaints courteously, and providing minor incentives—can enhance customer loyalty, encourage repeat purchases, and encourage word-of-mouth referrals, ultimately boosting the income of street vendors. The research utilizes secondary data derived from published studies concerning street vendors, street food establishments, small retailers, and small and medium enterprises (SMEs) in emerging markets. It creates a simple conceptual framework that connects CRM practices to customer loyalty and profitability for street vendors. The literature review indicates that when small vendors develop long-lasting connections with customers, they achieve increased sales, enhanced sustainability, and a more significant competitive edge. The paper ends with useful tips for street vendors on how to use cheap CRM methods to build better relationships with customers and make more money.

Keywords: Customer relationship management, street vendors, profitability

Introduction

Street vendors are a big part of the informal economy in many developing countries. They sell food, clothes, household goods, and everyday necessities at low prices and in easy-to-reach places. Most of the time, their business is small, family-run, and very dependent on cash flow every day. There is a lot of competition because there are many vendors selling similar goods close to each other, and it's easy for customers to switch from one vendor to another. In this case, lowering the price is not a long-term solution because it cuts into profits and makes it harder to stay in business.

There is another way to compete: Customer Relationship Management (CRM). CRM isn't just about using computers or software. CRM is, at its most basic level, about knowing your customers, building strong relationships with them, and adding value so that they keep coming back. For street vendors, CRM might mean greeting customers by name, remembering what they like, keeping the quality of their goods consistent, giving loyal customers small discounts or free items, and politely solving problems. These little things can make customers happier, more loyal, and more likely to tell others about your business, which can lead to higher profits.

A lot of research on CRM is about big businesses or organized retail. However, in recent years, certain researchers have commenced the examination of CRM practices among street vendors, street food sellers, and small independent shops in urban locales. This paper expands upon the developing literature and seeks to link CRM directly to the profitability of street vendors. The paper is based on secondary data and is more of a concept and description. Its goal is to make it easy for street vendors to understand how simple CRM strategies can help them make more money and grow their business over time.

Review of the Literature

Rupolia M, Choudhary R & Purohit H, (2013) ^[1] examined how apparel street merchants utilize CRM to sell.

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Even small sellers without formal training use realistic relationship-building methods like welcoming conduct, adaptive pricing, rapid customer response, and informal credit to frequent buyers, according to studies. Comfortable and appreciated customers are more likely to return. Although many vendors don't use the term "CRM," their daily actions demonstrate that they understand CRM concepts like client focus and long-term partnerships. The study suggests that understanding and using these methods methodically may boost customer loyalty and indirectly sales and profitability.

Thatchinamoorthy C, Meenambigai J, (2017) ^[2] examined how Indian street food vendors retain and manage customers. They found that street food sellers generally serve low- and middle-income customers who value price and quality. A study indicated that hygiene, taste, timeliness of service, human interaction, and trust influence whether customers return to a vendor. CRM in street food includes listening to consumers, keeping things clean, preparing tasty food, and providing nice service, according to the authors. Customers are happier and more loyal when these things are in place, thus vendors make more money daily and have more stability.

Iwuchukwu EI (2019) ^[3] examined how relationship marketing affects small grocery retail stores' sustainability, customer retention, and profitability. The report suggests that small retailers must create long-term, trust-based customer relationships to compete with larger supermarkets. Remembering consumers, giving them credit, providing customized service, and fixing issues swiftly are crucial. These characteristics make customers feel linked to the store, encouraging repeat purchases and fewer store changes. The author thinks relationship marketing is better than mass advertising or pricing warfare for small enterprises with limited resources. Street vendors benefit from low-cost relationship-building methods to make more money.

Makhitha (2017) ^[4], examined how relationship marketing at small retailers in South African townships affects business performance. According to studies, small shops who actively build relationships with suppliers and consumers have better sales stability, product availability, and customer loyalty. People valued maintaining commitments, handling complaints, and thanking customers. The findings suggest that small merchants with little money and a lot of competition should focus on connections. Relationship-oriented methods can boost performance and profitability for small, informal firms, too, but the study focused on merchants rather than street sellers. Mozaheb A, Alamolhodaei SMA & Fotouhi Ardakani M, (2015) ^[5] used Structural Equation Modelling to examine how CRM affects SMEs' performance. Their research showed that CRM improves business performance, including finances. Customer knowledge, interaction quality, service customisation, and technical support were key to their CRM methodology. The results show that SMEs that methodically manage customer interactions expand sales, market share, and profitability. This study isn't about street sellers, but it supports the premise that basic customer relationship management improves financial success.

AlQershi (2020) ^[6] examined how innovative CRM influences SMEs. He examined how technological CRM solutions track and evaluate client interactions. New CRM methods including mobile apps, digital records, and data

analytics help clients comprehend, personalize, and decide, according to the report. Customers are more loyal, sales increase, and you get a competitive edge. Even though many street sellers don't have advanced CRM tools, knowing your clients and controlling your interactions will help you succeed. Street vendors may use chat groups, notebooks, or phone contact lists instead of CRM systems.

Vuko S, (2024) ^[7] reviewed 46 empirical articles on CRM systems and SME performance from 2014 to 2024. The analysis showed substantial evidence that CRM improves operational efficiency, client retention, and sales for SMEs. Clear customer-first strategies, staff training, and leveraging customer data to make choices were key to CRM success. According to the report, many small firms struggle because they lack money or skills, but CRM can help. Street merchants may learn a lot from this. They can employ cheap, simple CRM tools without the issues of complete software systems.

Gil-Gómez H, Guerola-Navarro V, Oltra-Badenes R, Lozano-Quilis JA (2020) ^[8] examined small business customer experience and the importance of relationship marketing and personal care. The research found that small business clients value emotional connection, individualized attention, and social engagement over huge, impersonal businesses. Social interactions and personal care were essential to customer happiness and loyalty. Small enterprises like street sellers need this knowledge. Their closest, most intimate interaction with clients is their best edge over big retailers. Street sellers can profit from social proximity by implementing CRM through polite chats, remembering regulars, and providing small favours.

Statement of the problem

Despite the growing importance of Customer Relationship Management (CRM) practices in sustaining small businesses, there is limited conceptual understanding of how such practices influence the profitability of street vendors, highlighting the need to examine the relationship between CRM practices and vendors' profitability within a structured framework.

Objectives of the study

- To examine the relationship between CRM practices and the profitability of street vendors in a conceptual framework.
- To understand the review of literature in the related areas.

Research Methodology

This study exclusively employs secondary data and follows to a descriptive, conceptual research design, lacking primary surveys or fieldwork. The analysis relies on published research papers, reports, and studies concerning CRM, customer loyalty, informal retail practices, and small business performance. These sources describe how street vendors can enhance sales and profitability through straightforward relationship building and customer-centric strategies. The results are not statistically generalizable, but they provide clear conceptual insights and a solid basis for future empirical studies.

Findings and Discussion

Many street sellers already employ customer relationship management (CRM) in an informal way by being friendly to

consumers, remembering their preferences, letting them bargain, and sometimes providing them credit. These easy things help people trust and stay loyal. Customers come back not simply because of the price, but also because of the cleanliness, flavour, speed, and emotional connection they have with the seller. Studies have shown that strategies focused on relationships last longer than price wars, which hurt profits and lead to unhealthy competition. Vendors can keep consumers and charge reasonable prices by building solid relationships with them.

CRM also indirectly increases profits by getting customers to buy from you again, getting people to tell their friends about you, helping you plan your products better (less waste), and getting more sales per customer. Even extremely basic tools, such as a little notebook for credit and preferences or phone numbers to let consumers know about new items, can be used as cheap CRM systems. But a lot of vendors don't really understand CRM as a strategy. NGOs or local organizations can assist people put their unique people talents into a structured CRM approach that makes them more money by giving them basic training on how to deal with customers, get feedback, and keep records.

Conclusion

Street vendors work in a tough environment, but they also have a natural advantage. They see customers every day and talk to them directly. This paper contends that Customer Relationship Management (CRM), even in its most basic and economical form, can serve as a potent instrument for enhancing profitability. The literature indicates that practices aimed at fostering relationships such as cordial conduct, tailored service, consistent quality, and respectful complaint management result in enhanced customer satisfaction and loyalty. Loyal customers, on the other hand, bring in repeat business, referrals, and a more stable income, all of which help the business make more money. The results show that policymakers and support groups should not only teach street vendors about money and how to pick the right products, but also about soft skills related to customer relationship management (CRM) and relationship marketing. The vendors should understand that treating customers as long-term partners instead of one-time buyers can turn a small cart or stall into a business that lasts and makes money. Future empirical studies may gather primary data from vendors and customers to evaluate the proposed conceptual framework and offer more comprehensive guidelines for CRM implementation in the street vending industry.

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