

CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN AUTOMOBILE INDUSTRY

AUTHOR

DIBEESH C

BBA.LLB (HONS)

V.R.KRISHNAN EZHUTHACHAN LAW COLLEGE

UNDER THE GUIDENCE OF ASST.PROF.SUMESH.R

V.R.KRISHNAN EZHUTHACHAN LAW COLLEGE, ELAVANCHERY, NEMMARA, PALAKKAD, KERALA

ABSTRACT

Customer Relationship management concept and its impact on customer loyalty is gaining more and more attention in present business world. Companies are focusing on retaining their loyal customers rather than gaining new. One such strategic focus is customer loyalty, which should be viewed as a “must” for automakers hoping to compete. Unlike other consumer products with more frequent replacement cycles, auto buyers often don't return to market for three or four years or even longer. Some empirical evidence suggest that it costs significantly less to retain an existing customer than it does to acquire a new one, making loyalty especially critical in times when corporate marketing budgets are scrutinized. The main aim of this paper to evaluate the impact of CRM benefits on customers' loyalty and retention for the benefits of enterprise and customers itself. The results revealed the significant factors that lead to the customer loyalty for automobile was trust associated with on time service delivery, Promptness in handling repair work, friendliness helpfulness, arranging replacements and fulfill its obligation to customers.

INTRODUCTION

Customer relationship management(CRM) is a widely implemented strategy for managing a company's interaction with customers,clients and sales prospectus.Customer relationship management is a term that refers to practices, strategies and technologies that companies use to manage and analyze customer interactions and data throughout the customer lifecycle, withthe goal of improving business relationships with customers.One important aspect of the CRM approach is the systems of CRM that compile information from a range of differentcommunication channels, including a company's website, telephone, email, live chat, marketing materials, social media, and more according to marketing aspects CRM is seen as a business strategy that can maximize the profitability and revenues for a company as well as customer satisfaction by organizing around customer segment. As it can be noticed, it is important for companies to properly understand the CRM process in order to successfully and adopt it accordance with their specific needs

INDIAN AUTOMOBILE INDUSTRY

The automobile industry in India is one of the largest industries in the world. According to IBEF (India Brand Equity Foundation).The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). The Two Wheelers segment with 81 per cent market share is the leader of the Indian Automobile market owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector. The overall Passenger Vehicle (PV) segment has 13 per cent market share.

India is also a prominent auto exporter and has strong export growth expectations for the near future. In April-January 2016, exports of Commercial Vehicles registered a growth of 18.36 per cent over April-January 2015. In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the Two Wheeler (2W) and Four Wheeler (4W) market in the world by 2020.

ROLE OF CRM IN AUTOMOBILE INDUSTRY

Customer relationship management is important to every firm as they seek to make profit through long-term relationships with customers. Automobile industries faces unique challenges in the modern economy, there is a strong competition between new and used car market. Customers have incredible information available to them through internet, review system, social media and more so building relationship requires more effort.

Customer relationship management is the strongest and most effective approach in maintaining and creating relationship with customers. Customer relationship management is not only important for business but also for creating a strong personal bonding relation with in people. Development of this type of relationship builds the business to new level of success.

Once such a relation is built it is easy for the organization to identify the actual needs of the customer and to know their expectation and that lead to serve them in a better way. Some of the effective tool used in most of the renowned organization are batch book, sales force etc.

LITERATURE REVIEW

Reichheld and Sasser (1990) indicated that an improvement of 5 percent in customer retention leads to an increase of 25 percent to 75 percent in profit of automobile companies. Further, Wills (2009) reported that it costs more than five times as much to obtain a new customer than to keep an existing one. Moreover, with loyal customers, for example, companies can increase their revenue. First, loyal customers are less price sensitive, and the premiums of loyal customers increase 8 percent annually in the personal insurance industry (Reichheld and Teal, 1996). Second, loyal customers are willing to purchase frequently, try the firms' other products or services, and bring new customers to the firms (Reichheld and Sasser, 1990). Further the author indicates that customer loyalty provides a foundation for a firm to examine their marketing strategy, relationship quality improvement activities, and value creation program. Day (1969) introduced the concept of commitment to loyalty studies, and reported that commitment to the brand is necessary in determining the loyalty. The study seeks to develop a conceptual framework of brand image on customer commitment and loyalty. Therefore, the purpose of study is to evaluate how corporate brand image affects customer commitment as well as impact on loyalty in automobile sector. The biased behavioural response expressed over time by some decision making unit with respect to one or more alternative brands out of a set of such brands and is a function of psychological process (Jacoby and Chestnut (1978, p.80)).

OBJECTIVE OF THE STUDY

The main objectives of the study are as follows.

- To study the level of relationship with the customers.
- To analyze the effectiveness of customer relationship management on customer satisfaction.
- To study the impact of customer relationship management in customer retention in automobile sector.
- To explore various CRM activities conducted or initiated by various companies.

METHODOLOGY OF STUDY

This research involves the sample being drawn from a part of population which is close to hand. The questionnaire survey technique was used to collect data. Responses were collected from 100 respondents. The choice of questions for the study include question on personal background; age, gender, employment type, student and unemployed. The other questions were based on variables used to assess automobile service performance.

INTERPRETATION

From the study it is analyzed that there are different CRM activities

AVILABILITY OF SERVICE: This is an important factor and it is loaded by two variables availability of appointment and receiving. It is analyzed that customers are concerned about availability of the vehicle services at point of time.

PROMPT SERVICE: it has been uploaded by only one variable is promptness of the service offered by the service provider. CRM system saves time and cost of the customers so customers expect prompt service from the service provider.

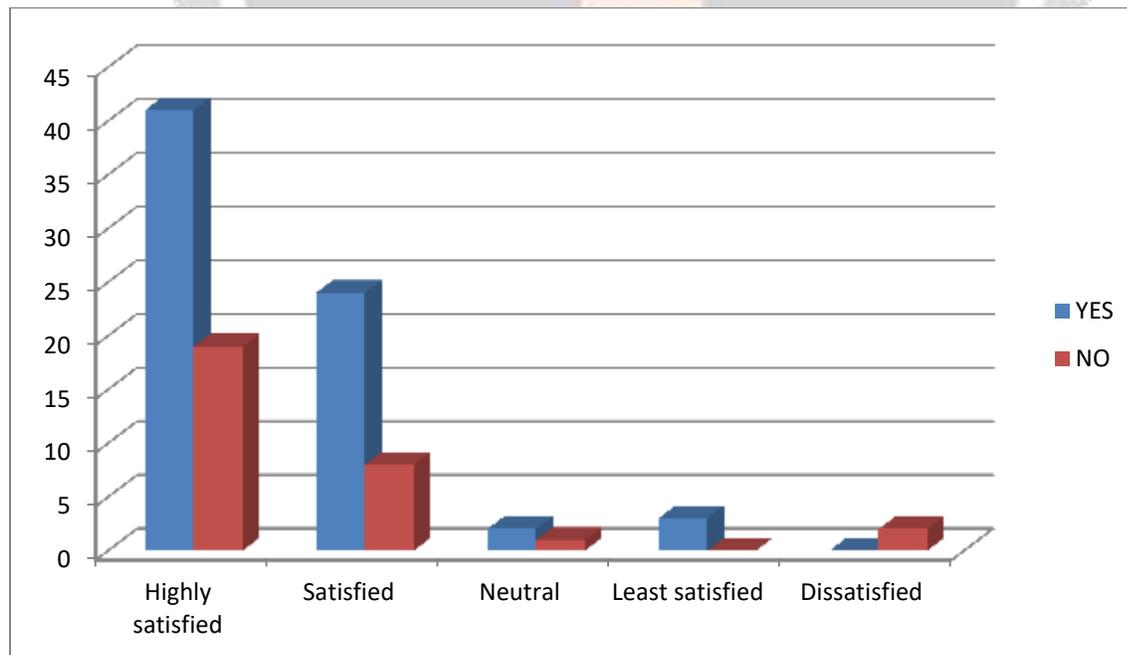
REPLACEMENT: It has been uploaded only by one variable is promptness of the service offered by arranging replacement of auto parts etc.

USER FRIENDLY: This factor has been uploaded by two variables –friendliness and on time delivery and cleanliness. Under the CRM benefits now a days companies also offered the online service booking facility, pick and drop facility for retaining their loyal customers.

SATISFACTION AND LOYALTY:

Table below shows the relation between the satisfaction of the respondents and they recommended the vehicle and service to their friends or relatives for purchasing.

Parameters	Recommended to others		Total
	Yes	No	
Highly satisfied	41	19	60
Satisfied	24	8	32
Neutral	2	1	3
Least satisfied	3	0	3
Dissatisfied	0	2	2
Total	70	30	100



FINDINGS

The paper shows the impact of different dimensions of customer relationship management. From the analysis it is concluded that customer works and promises are reliable. Automobile service provider fulfills their obligation to the customers, so the automobile sectors need to give more importance to the variable which can increase customer loyalty.

From this study it is analyzed that most of the customers are satisfied with the services provided by the company and so they will be loyal customers and they will be retained. This indicates that customer satisfaction leads to customer loyalty and retention.

SUGGESTIONS

The organization shall collect more information from customers to improve relationship between them. There is a tough competition in automobile sector so it is more important to consider the future needs and wants of the customers and to implement new services.

CONCLUSION

CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN AUTOMOBILE INDUSTRIES is undertaken to study the level of relationship with the customers. Majority of customers are satisfied with the services provided by different company such as Tata, Mahindra and Mahindra, Honda etc. serving the customers is important, customer is the king in the market and retaining them in this competitive world is more important. By proper analysis company can provide better service and maintain a good customer relationship.

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