

## Customer Relationship Management in Four Wheeler Industry with Reference to Tiruchirappalli District

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**Abstract**— The study is focus on customer satisfaction in Customer relationship management in four wheeler industry in Tiruchirappalli district. The main aim of this paper to evaluate the impact of CRM benefits on customers' satisfaction and retention for the benefits of enterprise and customers. 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. Some empirical evidence suggest that it costs significantly less to retain an existing customer than it does to acquire a new one, create satisfaction especially critical in times when corporate marketing budgets are scrutinized. The research was conducted through survey method and data was collected from vehicle owners. The results revealed the significant factors that lead to the customer loyalty for automobile was associated with on time service delivery, Promptness in handling repair work, Friendliness helpfulness, arranging replacements and fulfill its obligation to customers.

**Keywords**— Customer loyalty; customers' retention; automobile sector; customer preference;

### Definitions of CRM

The term relationship marketing was first coined by Berry in the context of service marketing is attracting, maintaining and enhancing customer relationship servicing and selling existing customers is viewed to be as important as long-term marketing success as acquiring new customers (Berry 1983). Christopher et al. (1991) define the function of marketing as getting and keeping customers. This is achieved by a mutual exchange and fulfillment (Groves, 1994). Customer relationship management refers to the methodologies and tools that help business manage CRM in organized way.

### What is CRM?

CRM is phrase that describes how your business interacts with your customers. Most people think of CRM as a system to capture information about your customers that is only part of involves using technology to gather the intelligence you need to provide improved support and services to your customers and identify new customers resulting in higher profits.

### Benefits of CRM

- You know and recognize
- You understand them
- You appreciate their business

### Customer loyalty

By creating value for your customers you will earn their loyalty. An often quoted statistic states that it takes ten times the money

and effort to attract a new customer than it does to retain an existing one.

### CRM Vendors

- Analysis,
- Customer service
- Finance,
- Marketing,
- Sales
- Implementation

### Service marketing activities

- By advertisement
- By Road shows
- By canter meals
- By exchange melas by cold visits
- By tele marketing
- By mailers
- By offering test drive on new cars
- By media campaign
- By continuous research and development on new product design technology.

### 1. Indian Automobile Industry

As per India Brand Equity Foundation (IBEF) India represents one of the world's largest car markets (Easy availability of finance and rising income levels are encouraging the middle class population to choose from the vast range of passenger vehicles. The Indian auto industry has been recording tremendous growth over the

years and has emerged as a major contributor to India's gross domestic product (GDP). The industry currently accounts for almost 7 per cent of the country's GDP and employs about 19 million people both directly and indirectly (Report of Department of Industrial Policy and Promotion). Indian Automotive Industry growth decades started in the 1970s. Between year 1970 and 1984 cars were considered as a luxury product; Tata Nano, which has been considered as world's cheapest car and had been able to focus towards the low-income market. Hero Honda and Mahindra and Mahindra have jointly planned to develop a technology for two-wheelers which will run on natural gas. The Indian automobile industry has been registered with an annual growth rate of 8.27 per cent when it was compared to August '12 as it produced 1.56 million vehicles which include passenger vehicles, the commercial vehicles and three wheelers. There was an inflow of USD 8,922 million in automobile sector from foreign direct investment in between April 2000 to August 2013 that is an increasing inflow of 4.51 %, as per the data published there has been rise in overall exports of automobiles during the period of April-September 2013. There recorded 3.33 million production of passenger vehicle in 2012-14 and has been expected to grow at a rate of 14 per cent annually. (Automotive Component Manufacturers' Association of India, 2014-15) The auto industry produced a total 1.81 million vehicles, including passenger vehicles, commercial vehicles, three wheelers and two wheelers in February 2014 as against 1.73 million in February 2013, registering a growth of 4.41 per cent over the same month last year. The increase continues to be on account of growth in two wheelers production. (Report of FDI, 2015) Moreover, the overall domestic sales during April-February 2014 grew marginally by 2.68 per cent over the same period last year. Refer to The passenger vehicles production in India is expected to reach 10 million units by 2020-21. The industry is estimated to grow at a compound annual growth rate (CAGR) of 13 per cent during 2012-2021. In addition, the industry is projected to touch US\$ 30 billion by 2020-21, according to data from Automotive Component Manufacturers' Association (ACMA). The cumulative foreign direct investment (FDI) inflows into the Indian automobile industry during the period April 2000 to January 2014 was recorded at US\$ 9,344 million, an increase of 4 per cent to the total FDI inflows in terms of US\$. (Report of Department of Industrial Policy and Promotion (DIPP) 2014-

### ***Role of Customer Relationship Management in Automobile Industry***

Customer relationship management (CRM) is increasingly important to firms as they seek to improve their profits through longer-term relationships with customers. In recent years, many have invested heavily in information technology (IT) assets to better manage their interactions with customers before, during and after purchase (Bohling et al., 2006). Yet, measurable returns from IT investment programs rarely arise from a narrow concentration on IT alone, with the most successful programs

combining technology with the effective organization of people and their skills (Bhardwaj, 2000; Piccoli and Ives, 2005). It follows that the greater the knowledge about how firms successfully build and combine their technological and organizational capabilities, the greater will be our understanding of how CRM influences performance. Although the market for CRM software and support is strong that remains considerable skepticism on the part of business commentators and academics as to its ultimate value to the corporation and customers (Maoz et al., 2007). Surveys of IT executives in the business press report that CRM is an overhyped technology (e.g. Bligh and Turk, 2004) and some academics claim the concept is fundamentally flawed because CRM ignores the reality that many customers do not want to engage in relationships (Dowling, 2002; Danaher et al., 2008). Empirical studies examining the success of CRM technology have failed to alleviate this skepticism as investigations to date span a limited range of activities (Sutton and Klein, 2003) and are noticeably silent on the extent to which CRM investment contributes to firm performance (Boulding et al., 2005). A lack of clear and generalizable empirical support for the expected return from CRM investments has important practical implications for market development and firm profitability. It also raises questions regarding the most appropriate mix of capabilities to effectively exploit investment in CRM. Customer Relationship management is the strongest and the most efficient approach in maintaining and creating relationships with customers. Customer relationship management is not only important for business but also useful to create strong personal bonding within people. Development of this type of bonding drives the business to new levels of success. Once this personal and emotional linkage is built, it is very easy for any organization to identify the actual needs of customer and help them to serve them in a better way. It is a belief that more sophisticated strategies involved in implementing the customer relationship management, the more strong and fruitful is the business. Most of the organizations have dedicated world class tools for maintaining CRM systems into their workplace. Some of the efficient tools used in most of the renowned organization are Batch Book, Sales force, etc. Faced with the increasingly complex and competitive environment that characterizes the automotive industry – with challenges ranging from tighter profit margins to new entrants in the new-vehicle and aftermarket service business – original equipment manufacturers (OEMs) and dealers are turning more aggressively to customer relationship management (CRM) to help attract new customers, increase brand loyalty, reduce costs, increase efficiency, and maintain a competitive advantage. Today's automotive consumers are increasingly well-informed and have an unprecedented level of choice in the marketplace. Customer loyalty is no longer a given and forward-looking automotive companies have to work harder than ever to earn and retain it. To respond to high customer expectations, companies are finding, they have to use both traditional and emerging channels to deliver more effective, efficient, and profitable marketing, sales, and customer service.

### Literature Review

Coltmana et al., (2011) analyzed the impact of the customer relationship management (CRM) on a firm's performance with the employment of hierarchical construct model has been examined. When following the resource-based view of the firm, the strategic CRM has been conceptualized that is associated endogenously determined to operate that the organization ability to harness and orchestrate lower order capabilities that comprise physical assets, like IT infrastructure, and structure capabilities, like human analytics and business design. The results have a positive and awfully important path between a superior CRM capability and the firm performance. In turn, the superior CRM capability has been absolutely related to the human analytics and design of business. The results recommend that the impact of IT infrastructure on the 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). At Northwestern Mutual, the contribution of 55 percent sales is from existing customers (Reichheld and Teal, 1996). 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.

**Dibesh.c 2016** Customer relationship management in Automobile industries a study was focus a level of relationship with the customers majority of customer are satisfied with the services provided by different company such as Tata Mahindra, Honda etc.,

**Garima malik 2015** Impact of Customer Relationship Management on Customer Loyalty and Customer Retention with reference to Automobile Sector. The research was conducted through survey method and data was collected from vehicle owners. 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.

**Sathish.M 2013** Customer relationship management in car service industry with reference to car dealers in Coimbatore the findings and suggestions are also presented dealer wise a survey reveals that the expectation scale of customer after sales service is rising a dealer has to continuously raise his standard for customer satisfaction.

### Objectives of the Study

1. To study the effectiveness of services marketing
2. To study the marketing techniques used to retain their customer in service industry
3. To study the various value added services provided to the customers

### Research methodology

#### Primary data

The primary data is collected is questionnaire survey technique was used to collect data. Responses were collected from 240 respondent

#### Secondary data

Secondary data was collected to journals, magazines, books, website

**Table 1 . Rotated matrix Component**

S.no	Statement	1	2	3	4
1.	Quality work performance	0.582	0.197	-	-
				0.179	0.261
2	Comfort	0.171	*0.209	-	0.462
				0.354	
3	Willingness to satisfy	-	-0.294	-	0.040
		0.312		0.481	
4	Friendliness	-	0.606	0.343	0.248
		0.029			
5	Convenience of timing	0.112	-0.188	0.594	0.043
6	Availability of appointment	0.691	0.023	-	0.316
				0.071	
7	Receiving	0.709	-0.194	0.282	0.127
8	Promptness	-	0.025	0.633	0.003
		0.170			
9	Arranging replacements	0.076	0.002	0.106	0.773
10	Cleanliness	0.208	0.537	-	-
				0.062	0.342
10	On time delivery	-	0.771	-	0.012
		0.074		0.149	

Note: Extraction method: Principal component analysis, Rotation method: Varimax with Kaiser Normalization,

The rotated component matrix table 4 had shown that customers' convenience, delivery of services, showing confidence and promptness of services being offered by the service providers in automobile sector. The Rotated variables mentioned below have factors loading of 0.6 or above.

Factor 1 - Availability of Services: This factor has been loaded by two variables availability of appointment (0.691) and receiving (0.709). It's clearly shows that customers are concerned about the availability of their vehicle services at any point of time.

Factor 2 - User Friendly: This factor has been uploaded by two variables –friendliness (.606) and on time delivery (.771) and cleanliness (.537). Under the CRM benefits now a days companies also offered the online service booking facility, pick and drop facility for retaining their loyal customers.

Factor 3 - Prompt Services: This factor has been uploaded by only one variable is promptness of the services offered by service provider and convenient hour. CRM system saves time and cost of the customers, through this system, customers expect prompt service from the service provider

**Table 2**

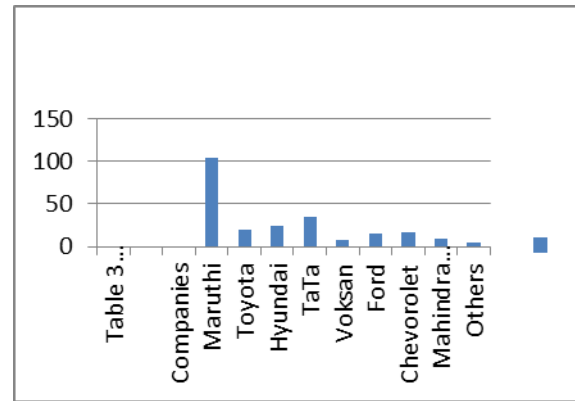
Parameters	Recommend others No	Yes	Total
Highly satisfied	38	86	124
Satisfied	24	78	102
Neutral	2	4	6
Least satisfied	2	4	6
Dissatisfied	2	0	2
<b>Total</b>	68	172	240

Above table shows that 164 highly satisfied of 240 customers recommend the product or service to others. This infers that satisfaction leads to loyalty (spread of positive word of mouth)

**Table 3 Customer relationship management in Four wheeler Industries**

Companies	No.of the respondents
Maruthi	105
Toyota	20
Hyundai	25
TaTa	35
Voksan	8
Ford	15
Chevrolet	17

Mahindra& Mahindra	10
Others	5
<b>Total</b>	<b>240</b>



The above a table explanation Maruthi Suzuki is popular used in car 105 people used. Tata companies 35 respondent. Hyundai company cars is used to 25. Toyota cars used people is 20 respondent. Chevrolet company cars 17. Ford company cars is used in 15. Mahindra company cars is 10 respondent used cars. Other brand company cars is used in 5.

## 5. Findings

This paper has drawn attention on the impact of different dimensions of customer relationship management to customer loyalty. From the analysis, it is concluded that customer works and promises are reliable. Automobile service provider fulfills its obligation to customer, are offering advice on how to invest the predominant variable which will increase customer loyalty. So the automobile sector needs to focus more attention in the above stated variables, thereby increasing customer loyalty. 94.2% of the customers are in the satisfaction and above satisfaction level.

## Conclusion

The automobile industry provide for customer industries a popular brand is maruthi cars in mostly important used customers. According to customers, breakdown of charges are not explained to them and the paper work is not completed in time so the companies need to improve on the abovementioned attributes. Most of the service representatives are courteous and knowledgeable but when it comes to call handling there is difference of opinion among respondents 31 percent are strongly agree that there is quick call handling where as 30 percent disagree on quick call handling, so call handling should be quick rather than keeping customers on hold or make them waiting for long.

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