

REVIEW ARTICLE

Customer Relationship Management: A tool for achieving customer delight in Indian Auto industry

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Abstract

Last two decades have witnessed unprecedented growth in multiple spheres in India and the country has immensely developed in terms of gross economic parameters like GDP, National income, per capita income etc. The country has by far produced a huge pool of middle class population eventually making it one of the attractive markets of the world. There is change everywhere and dimensions of business economics have changed drastically with the advent of new open economy paving way for foreign companies to enter the Indian market. Business rules have to change from the preexisting protectionism to an open market led economy. The most distinct segment of Indian industry that has seen phenomenal change was auto industry as it became the most preferred hub for the global automakers. The Indian market became flaccid with huge competition from both indigenous and global giants—result is the customer becoming the king. They have more choices with attractive prices and varied features that suit individual preferences. Under these circumstances the businesses have to take a customer centric focus consistently to squeeze a pie from the fiercely competitive market share (Vavra, 2001). Customer relationship management or CRM has become a key tactic that business has adopted as the single most survival strategy under today's environment. Let us see some aspects of CRM exercises that auto companies follow to accelerate and achieve their long term goal namely customer delight and loyalty. The literature is derived from secondary references and from direct interview schedule, observation of dealers, service points etc. (Woodruff and Gardial, 1996).

Keywords: Technology integration, enterprise resource planning, business economics, customer satisfaction.

Introduction

Customer Relationship Management (CRM) is a business philosophy involving identifying, understanding and better providing for your customers while building a relationship with each customer to improve customer satisfaction and maximizing profit. It is about understanding, anticipating and responding to customers' needs. To manage the relationship with customer, a business needs to collect the right information about its customer and organize the information for proper analysis and action. It needs to keep that information up to date, make it accessible to employees and provide the know-how from employees to convert that data into products, better matched to customers need.

The secret to an effective CRM package is not just in what data is collected but in the organizing and interpretation of that data. This is the area where computers play a vital role and computers alone cannot transform the relation between the company and the customer. That does take a cross department, top to bottom and a corporate desire to build better relationships. But computers and good computer based CRM solution can increase sales by as much as 40-50%. An example of a CRM application would be in car manufacturing business (assuming they sell directly to end customers).

If they maintained a database of, which customer buy, what type of product and when, how often they make that purchase, what type of option they choose with their typical purchase, their color preferences, whether the purchase needed financing etc., the manufacturer knows what marketing material to send out, what new products to promote to each customer, what preference/options may swing the sale, whether a finance package should be included in the marketing material and when would be a good time to target each customer. They could use the information to build a relationship with the customer by reminding customers of service dates, product recalls and may even send the customer a birthday card/gift.

Choosing the CRM solution

Using a consultant could save your time and money. Software resellers are often good first line advisors as they have experience and feedback from selling competing CRM packages. Some resellers offer wiser packages including strategic planning process management. Most of the big CRM software manufacturers have extensive advise, PDFs and guides on their sites that repeatedly hold your hand through the choosing process. They are likely to be biased of course but can be good source of ideas anyway.

Sage, in particular has a pretty neutral sounding adobe document download. Customization is all very nice but it takes time and may not be easy as you think. Supported platforms in terms of hardware, operating system, databases, online activities and online ordering systems etc.

Global perspective

Price is preferably a one off purchase price with no annual license fee. CRM is a company-wide business strategy designed to reduce costs and increase profitability by solidifying customer loyalty. True CRM brings together information from all data sources within an organization (and where appropriate, from outside the organization) to give one holistic view of each customer in real time. This allows customer facing employees in such areas as sales, customer support and marketing to make quick, yet informed decision on everything from cross selling and up selling opportunities to target marketing strategies to competitive positioning tactics. Three key elements to successful CRM initiatives are *people, process and technology*.

History of CRM

Following on from Enterprise resource planning or ERP (the business strategy that promise to automate the back-office), the term CRM was first coined in mid 1990s. CRM in those days referred to the software used to help businesses manage their customer relationships. From sales force automation software (SFA) that focused on customer contact management to integrated knowledge management solutions, these were the early foundations of CRM. The last couple of years have seen the term broaden to encompass a more strategic approach and the investment of billions of dollars worldwide into CRM solutions and services has followed.

First things first: Successful CRM always starts with a business strategy, which drives change in the organization and work processes, enabled by technology. The reverse rarely works. The key here is to create a truly customer centric philosophy that touches every point and more importantly every person in the company. From CSR to CEO everyone must live and breathe customer focus for all of this to work. At the same time the company should have processes that could be reengineered to make them more effective for your customers.

The right technology: It is estimated that the global market for CRM services and solutions is currently worth \$148 billion. That means a lot of choice when selecting your technology from web based solution aimed at small businesses with less than 10 employees to solutions suitable for multinational enterprises with millions of customers. Although this is certainly not an exhaustive list, it will give you a good idea of what is out there.

The future: CRM has already made a big impact in the world of customer services and will continue to do so. As more and more companies become customer centric, those that fail to do so will lose competitive advantage. As technology increases to develop at a startling rate, the key emphasis will be how we can fully utilize it within our business. In fact the matter that customer relationship management is about people first and technology second, that is where the real value of CRM lies, harnessing the potential of people to create a greater customer experience, using the technology of CRM as the enabler. CRM may or may not prove to be the answer to providing excellent customer care, but the philosophy of putting customers at the heart of our business is definitely a step in the right direction. Companies are focusing on customer centric business models to sustain profitability in a highly competitive and rapidly changing environment. The role of CRM business applications has evolved from helping manage customer information to enabling the sales force to build and manage profitable customer relationships.

TCS helps organization device and implement CRM strategies and solutions that become the back bone of their customer acquisition and retention strategies and help them foster loyal, profitable customer relationships. Customer management systems improve interaction, efficiency and effectiveness when acquiring, supporting, selling and managing customers. CRM benefits companies to benefit from marketing, campaigns, faster sales cycle and improved customer service. For over a decade, companies have used CRM to meet the challenges like competitive business, innovation and advanced resource utilizations. A 360° view of customer interaction history ensures consistent customer communication and raises customer satisfaction. It also helps business to detect warning signs of competitive advances.

Aspects of CRM: There are basically 3 aspects of CRM, which can each be implemented in isolation from each other.

Operational CRM: Automation or support of customer processes that include a company's sale or service representatives.

Collaboration CRM: Direct communication with customer that does not include a company's sales of service representative (Self service).

Analytical CRM: Analysis of customer data for a broad range of purposes.

Operational CRM: Operational CRM provides support to front office business processes, including sales, marketing and service. Each interaction with a customer is generally added to a customer's contact history and staff can retrieve information on customers from the database as and when required.

Table 1. Manufacturers and their products.

Manufacturers	Products
Daimler Chrysler India Pvt. Ltd.	Merc-Benz, Vans
Fiat India Pvt. Ltd.	Fiat UNO
Ford India Pvt. Ltd.	Ford ikon, Flair, Fusion, Ford endeavour
General Motors India	Optra, Vectra, Tavera
Hindustan Motors Ltd.	Lancer, Ambassador
Honda Siel Cars India Ltd.	Honda City, Accord, CRV
Hyundai Motors India Ltd.	Santro, Accent, Tuscan, Sonata, Getz
Maruti Suzuki India Ltd.	Maruti-800,Wagon-R, Alto, Zen, Baleno, Swift
Skoda Auto India Pvt. Ltd.	Skoda Octavia
Tata Motors Ltd.	Indica, Indigo, Sumo, Safari
Toyota Kirloskar Motors Pvt. Ltd.	Toyota Innova, Corolla
Mahindra and Mahindra Ltd.	Scorpio, Bolero

One of the main benefits of this contact history is that customers can interact with different people or different contact channels in a company over time period without having to repeat the history of their interaction each time. Consequently many call centers and BPOs use some kind of CRM software to support their call centre agents.

Collaborative CRM: Collaborative CRM encompasses the direct interaction with customers. This can include a variety of channels such as internet, e-mail, automated phone (automated voice response-AVM). It can generally be equated with self service. The objectives of collaborative CRM can be broad, including cost reduction and service improvements.

Analytical CRM: Analytical CRM analyze customer data for a variety of purpose including:

- Design and execution of targeted marketing campaign to optimize marketing effectiveness.
- Design and execution of specific customer campaigns, including customer acquisition, cross selling, retention.
- Analysis of customer behavior to aid product and service decision making (eg. pricing, new product development etc).
- Management decisions, eg. financial forecasting and customer profitability analysis.
- Prediction of the profitability of customer.

As far as the car scenario in India is concerned, Let us delineate following heads for building an effective CRM with area of concentration on passenger cars (Table 1).

Financial Institutions

- HDFC
- Citicorpmaruti
- Cholamandalam
- Kotak Mahindra
- Mahindra and Mahindra
- Sundaram Finance
- Leasing companies like Magma Leasing.

Customers: Any individual/company/government body who have the ability to purchase by cash or by finance.

Factors involved in purchasing products:

- Income
- Status
- Necessity
- Mode of transport
- Pride
- Need/Want.

There are so many ways to motivate the customers to purchase a vehicle or anything. Some of the means to attract the customers through their attention, interest, desire, action (Philip and Armstrong, 2009).

Marketing activities carried out by manufacturers:

- By advertisement.
- By Road shows.
- By canter melas.
- By exchange melas.
- By sending corporate mailers/introduction letter.
- By cold visits.
- By nurturing existing customers.
- By maintaining brand image.
- By offering special finance scheme in tie up with major financiers.
- By telemarketing.
- By mailers.
- By offering test drive on new cars.
- By free service campaign to existing customers.
- By introducing new products to suit the customers.
- By conducting customer meet to get referrals.
- By launching dealership at prime areas.
- By media campaign.
- By participating in various auto expo-domestic and international.
- By constant review on customers' needs/wants/desires etc.
- By maintaining customer satisfaction index.
- By continuous research and development on new product design/technology.

Conclusion

The years 2006-2010 are remembered as most significant one for the Indian auto industry as it witnessed a record number of new products launched and joint ventures floated both by vehicle and component manufacturers within the country and abroad. There was a distinct shift in focus to mergers and acquisitions towards cutting costs and to increase exploration of market overseas. The entire process started with Maruti introducing its Swift of international styling and M and M foraying into the overseas market with the Scorpio, as also joining hands with Renault for production of the later's Logan for the Indian market. Toyota Kirloskar Motors took the wise decision of replacing the Qualis with the innovative Innova. This was soon followed by the launch of the Tata Novus range of high technology HCVs in Indian and Tata Dawoo's medium size trucks in South Korea.

To this list of exciting developments must be added Sundaram Fastner's majestic entry into the German market by acquiring Pioneer of that country which is a manufacturer. Special automotive and industrial fasteners, Bharat Forge's foray into the Chinese market by setting up a joint venture with FAW, the largest automotive group of the country, Skoda India's launch of the vehicle, the APACHE. If the hints thrown by the finance minister and the commerce and industry minister are anything to go by, the entire automotive industry can hopefully look forward to a thorough review of the tax structure and a comprehensive relief package to encourage setting up of more testing facilities and manufacturing plants. At the current growth rate launch of more products and formation of new joint ventures are but a certainty. By adopting new technology and innovative ideas, the Indian auto industry is on the threshold of a big revolution.

Participants in auto business:

- Tata Motors
- HindalcoPhoenix Lamps
- Siemen VDO
- Mico
- Fuchs
- Mahle
- Bharat Forge
- Minda Huff
- Lumax
- Sigma Corporation
- Elgi Equipments
- Rico Auto
- Moldtex
- Automotive Valves
- LG Balakrishnan
- Tata Holset
- Fiem
- Making Auto
- Maruti
- Taivan Pavilion
- Remsons
- Shriram Piston and Rings
- Sona Kayo Steering Systems

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