Literature Review

Automobile Industry

Abhijeet Singh and Brijesh Kumar (2011) Hero Honda Motors Ltd, is running a program called Good life Passport to Relationship Reward, with an objective to create an innovative environment for interaction between Hero Honda and its customers. Members of this program are given a magnetic card in which all information is stored and this card is swiped when using any service at a showroom or workshop and it works like a loyalty benefit card.

Abhijeet Singh (2011) Tata Motors uses a customer relationship management and dealer management system (CRM-DMS) which integrates one of the largest applications in the automobile industry, linking more than 1200 dealers across India. CRM DOS has helped Tata Motors to improve its inventory management, tax calculation and pricing. This system has also proved to be beneficial to dealers because it has reduced their working capital cost.

Arvind Saxena (2010) Director and Board member (marketing and sales), Hyundai Motor India (HMIL) “No company in automobile sector can fight competition on price. Companies need to have the right product, distribution, CRM and after sales service network to grow.

Biswajit Mahanty and Virupaxi Bagodi (2006) The success of two wheeler manufacturers in India depends on the competitive advantage gained by them through after sales service and providing and maintaining customer satisfaction in the face of rapid changes in technology is a difficult task, which can be overcome by timely addition of capacity and upgrading of technical manpower and focusing on the CRM programs.
**Biswajit Mahanty and Virupa Bagodi (2007)** More than 55 million two-wheelers are moving on Indian roads. Accordingly, two-wheeler service sector should have generated revenue amounting to INR 100,000 million per year, but in reality, this has not been realised in the organised service sector, the Indian two-wheeler service industry has not considered servicing as a line of business and providing conveniently reliable services is most important in two-wheeler services in India to capture the market.

**Biswajit Mahanty and Virupa Bagodi (2008)** It is an era of customer delight for the two wheeler industry and the conventional measures implemented by the service organizations tend to be inadequate to attract customers persistently.

**Gordon Fullerton (2006)**, “Putting relationship in CRM”, that JEEP, a division of Daimler Chrysler Automobile Company, has served a classic example of CRM program that provides a considerable value to both the customers and the firm by developing a program exclusively for jeep owners and fostered a community that is highly effectively committed to the product, the brand and the customers.

**Kevin Keller (2012)** Caterpillar has become a leading firm by maximizing the total customer value with the help of effective CRM, best after sales service in the industry and better trained dealer. This allows the firm to command a premium price of 10% to 20% higher than competitors such as Volvo, Komatsu etc.

**Michael Cusumano, Steve Kahl and Fernaando Suarez (2008)** in their research paper “A theory of services in product industries”, has concluded that in many product oriented industries, services have become increasingly important. In case of automobiles, many automakers generate the vast majority of their profits from a service activity closely tied to their product activity. The automobile industry overall generates a large portion of its profits from other product-related service activities such as insurance and repairs. The authors argued that despite the seeming importance of services, there is not much theory to help researchers or practitioners explain the
conditions under which services matter in product industries. The general view that emerges from the services literature is that services tend to become important for manufacturing firms once their industries reach a mature stage.

**Milind Bade (2011)** GM-Marketing, Bajaj Auto, has mentioned that Bajaj Auto Limited is currently trying to move the industry from a commuter to a biker mindset and at present the focus of the company is on keeping the sub brands and the mother brand different and the main motive behind establishing individual brand is to create differentiation which would help Bajaj auto, as an organization to develop relationship easily with its customers.

**Mona J Fitzsimmons (2010)** has concluded that the profitability of automobile manufacturers depends on exploiting value added services for instance automobile manufacturers have discovered that financing and after sales service can achieve significant profits.

**Oyama (2012)** Honda Motor wants to be number one in the Indian market and the company wanted 30% of Honda’s global sales to come from Indian operations by 2020. HMSI have had issues related to production in the past with most of its models having the longest waiting period in the country, this reduced in Honda’s penetration in the rural market, which is less than a third of Hero Moto Corp.

**Pawan Chabra (2011)** Nowadays every second bike sold in the premium segment is a pulsar and this shows the dominance of Bajaj in the Indian market place, this was possible because the company has been regularly making the alterations to make the motorbike look fresh at all times and Bajaj today holds over 50% market in the premium segment (for FY 2010-2011) followed by a distant second largest player Honda Motorcycle & scooter India with a 19% market share.
Pawan Chabra (2011) has mentioned that the death knell off Bajaj’s scooters business was sounded when the company officially stopped the production of its flagship Chetak in December 2002, to get cracking on its ambition of becoming a credible motorcycle brand manufacturer, the company invested big in R&D and product development, but the company faced challenges in the sales and distribution because their dealers had little idea how to sell motorcycles, so the entire dealership network was trained to sell motorcycles.

Philip Kotler (2012) Harley – Davidson dealers ranging from the CEO to the sales staff, maintain personalized relationships with customers through face to face and social media contact. Knowing customers as individuals and conducting ongoing research to keep up with their changing expectations and experiences which helps Harley – Davidson to define their customers needs better.

R K Garg (2011) CRM requires a seamless, single view of the customer with consistent cross-channel interaction models and it is recommend that companies bundle all internal CRM strategies into one comprehensive multi-channel strategy. More over if the two wheeler manufacturer integrate CRM with SCM, then product design and production planning can be aligned with the customer information available, to increase customer loyalty.

S. Saravan, N Panchanathan and S Pragadeeswaran (2009) concluded in their research paper “Markets and Consumers- Consumer Behavior Towards Showroom Services of Two-Wheeler with reference to Cuddalore District” that students and employees are more satisfied about showroom service and age of consumer is an important factor while choosing the brand of bike and all the consumers give importance all factors relating to buying a vehicle.
Shashank Srivastava (2012) GM Maruti Suzuki has mentioned that the consumer is price conscious and the brand loyalty is diminishing because of the number of options in each segment moreover the customers are ready to experiment today.

Steve Kahl and Fernaando Suarez (2008) in their research paper “Product, Process, and Service: A New Industry Lifecycle Model”, has concluded that Existing models of industry lifecycle evolution tend to focus on changes in the products and processes and largely overlook the dynamics of services, but increasingly, the revenues of many firms are becoming dominated by sales of services rather than products, or products sold with services to gain competitive differentiation in markets marked by increasing product commoditization.

Susan Suffes (2006) Audi (UK), a leading manufacturer in the prestige automobile market implemented CRM successfully and this helped Audi to develop a model to drive growth and engineer a dramatic turnaround by creating a superior customer experience.

V.G. Ramakrishnan (2003) The vehicle servicing business in India is undergoing a transformation. In early days, the servicing needs of the vehicles were undertaken mostly by roadside mechanics and a few organized workshops. Companies need to focus on building a chain of authorized service stations covering the entire country to service its vehicles. As the competition in the market has intensified and profit margins squeezed, companies need to view servicing as a money spinner for the entire operation. In the recent years, other players have entered in the field and the creation of national chain of organized workshops is underway and that is likely to change the nature of vehicle servicing market in India.

V.G. Ramakrishnan (2003) The two-wheeler market that has seen an explosive rise in sales over the last few years which created an opportunity for various companies to enter the after sales business of two wheeler, Castrol, a company well known for its lubricants, has entered into the motorcycle servicing business with the roll out of its first
workshop 'Castrol PrimaZona' and have plans to have pan India presence.

*V S Ramaswamy (2010)* CRM is not merely the response of the times, but the necessity of the time as well it is the effective CRM which converts buyers into profitable customers and then builds relations and retains them as a customer for life.

**Customer Relationship Management**

*Abhijeet Singh and Brijesh Kumar (2011)* mentioned that people term CRM as technology based initiative, but the fact is that it is an enterprise wide activity which uses technology to facilitate various functions – sales, marketing, service etc and CRM initiative starts with identification of customers with the objective of differentiating from customer to customer and he further mentions that it is not the products or services that please the customers, but the right attitude of handling them and building a closer relationship with them. A company with a large number of customers with close bonding would enjoy higher revenues and profitability.

*Alan Smith (2006)* mentioned that since the mid-1990s many industries were experiencing increased demand from their customers for higher quality and easier access to service thus corporations and top managers started to rethink their traditional ways of providing service and customer relationship management started to become a strategic asset among corporations.

*A Mukund (2006)* has studied the role of CRM in Tesco and concluded that the loyalty card scheme launched by Tesco in 1995, laid the foundation of a CRM frame work that made Tesco UKs number one retailer and the data collected through these cards formed the basis for formulating strategies that offered customers personalised services in cost effective manner and today CRM in Tesco is more of a companywide philosophy.
A V Vedpuriswar (2003) has highlighted that ICFAI realised that the growth is the key to long term survival and much of its growth will come from keeping its eyes and ears tuned to environment and for this ICFAI implemented CRM strategies specially for the students enrolment and processing of examination hall tickets, and this lead to growth of ICFAI which has surprised traditional academic institutions.

Calin Gurau (2003) mentioned that the advantages of the Internet as a transaction and communication channel present new opportunities for businesses to create a long-term relationship with their customers and the level of e-service quality is an essential component of this customer-centric strategy, thus the companies need to establish the optimum level of e-service quality, taking into consideration customers’ satisfaction, the competitive conditions of the market, but however, the effective use of this method requires the implementation of e-CRM systems, structured around a customer-centric approach.

Celent (2006) concluded that banks can gain full value from their investments in CRM technology by leveraging on customer knowledge and TCF bank a midsize that has a community banking culture realised the same and implemented CRM for its online banking process and this helped TCF bank to reap rewards during direct customer interaction.

Gaurav Patra (2006) has mentioned that investing in cutting edge technologies, high end equipments and robust infrastructure, will be of little use, unless the customers are serviced satisfactorily, thus Tata Teleservices Limited, adopted and deployed CRM solution, which helped the company to cater to the varied needs of its vast customer base and this moved the company to higher customer service levels.
**Gordon Fullerton (2006)** concludes in his chapter “Putting relationship in CRM”, that CRM programs are currently in vogue. An effective CRM programs offer significant benefits to the firm beyond customer retention, like in era where new products and services are being developed at an accelerating rate, it is usually easier to sell these offerings to customers who already buy one or more of the businesses existing products than to customers who have not bought any of the firms product before.

**Graham Charlton (2011)** has highlighted the findings in the report from E-consultancy 2011 Customer Engagement Report, that companies have stared the use of social media for customer service and companies are really seeing the benefits of social media as customer service channel which allows companies to handle complaints, question and deliver real – time information.

**Injazz J. Chen (2003)** has mentioned that Customer relationship management is a combination of people, processes and technology that seeks to understand a company's customers and companies that successfully implement CRM will reap the rewards in customer loyalty and long run profitability and managing a successful CRM implementation requires an integrated and balanced approach to technology, process, and people.

**Koushiki Choudhury, Arvinandan Mukherjee (2007)** argue that relationship marketing implies attracting, maintaining and enhancing customer relationships and it is beneficial because acquiring new customers is more costly than retaining existing ones, and one of the determinants of the success of the relationship marketing strategies of a firm is how the customers perceive the resulting service quality.
Lavanya T (2011) has mentioned that CRM solutions aim to eliminate the organisations stovepipes that hamper proactive customer interaction. CRM applications are also designed to increase the effectiveness of the staff members who interacts with the customers or prospects and the use of CRM applications can lead to improved customer responsiveness and a more comprehensive view of the entire “cradle –to- grave” customer life cycle.

Mary Moylan (2006) conclude in his chapter “Customer Relationship Management”, that due to changing scenario in financial service sector Allied Irish Bank (AIB), noticed the need to provide quality customer service as a means to retain customer and attract new ones and thus focused attention on CRM which helped AIB to shift its business focus from transactional to relationship market.

Paul Szwarc (2006) has noted that CRM involves more than just gathering data and developing programmes to identify the most profitable customer, then managing the relationship by offering them more suitable products and services. Handled well CRM can allow for stages in the relationship to be identified and managed and the organisations that use CRM systems sensibly can often change customer’s opinions and behaviour.

Richard Feinberg, Rajesh Kadam (2002) Business is moving online, not as a matter of choice, but as a matter of necessity and the use of the Internet as a channel for commerce and information presents an opportunity for business to use the Internet as a tool for customer relationship management (CRM)/(e-CRM) and companies will benefit from the same.
Shailendra Dasari (2011) has concluded that Relationship Marketing orientation comes naturally to Indians who treat guests as gods (Athithi devo bhava) and imbibe the spirit of service from their parents and senior members of the family. It is not a concept new to India and has been practiced from ancient times. While there have been some aberrations to this philosophy, post-independence, Indian marketers have quickly rediscovered the importance of being customer-centric and building long-term relationships with the customers — whether individuals or other business organizations. The Indian ethos that regards customer as a king or even a god (none other than Mahatma Gandhi endorsed this view), and their exposure to global business practices post-liberalization, ensured that Indian marketers — whether big or small; organized or unorganized, have fine-tuned their relationship marketing skills and practices, which have been in their veins for centuries, for greater success and consolidation.

Shan L Pan and Jae Nam Lee (2003) had mentioned that the emergence of e-commerce has changed many aspects of existing businesses and generated new companies with new business models. Existing companies are being challenged to rethink the most basic business relationship, between and organisation and its customers. The underlying fact is that, addressing customer’s needs leads to sustainable profit and to satisfy customer’s needs, companies have to maintain consistency across all interaction channels and to overcome this challenge, organisations are considering accepting the concept of CRM.

Tamilarasan R (2011) has mentioned that CRM becomes effective when customers are involved in the CRM process and it is necessary the organisation include the customers into the mix and if CRM practices are conceived and implemented properly, it will enable companies to retain customers for life, get maximum value out of each customer and generate exemplary customer
bonding.

*Ravi Kumar (2011)* had mentioned that, CRM is the buzzword in the Indian corporate sector today as cut throat competition in the liberalized Indian market place has rendered undertaking CRM, as an imperative than just an optional feature. CRM, now has been recognised as one of the major tools for enhancing customer loyalty and in the process reducing customer defections to competing firms. CRM practices leave a lasting impact on their customer relationships in this era of competition, there is a need for organisations, whether big or small to practice CRM in their own way to attract new customers, while retaining the existing ones.