

Effectiveness of Customer Relationship Management Practices at Hyundai Motors

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Abstract:

Companies constantly strive to increase their profits, but the competition is tough in the market. Businesses try to either keep their existing customers through increased satisfaction, or to win new customers and new market shares in order to reach their objective. The term Customer Relationship Management was developed in the late 1990s, in order to facilitate relationships at the “business to consumer market”. CRM is used as a tool in order to build long term relationships between sellers and buyers. Through this relationship both the company and its customers should receive mutual benefits, such as retention and good service. Hence this paper helps to study the effectiveness of CRM practices and its impact on customer satisfaction at Hyundai motors.

Keywords: Customer Relationship Management, Customer satisfaction, Customer retention.

1. Introduction & Meaning Of CRM:

Customer relationship management is attracting maintaining and enhancing customer relationship in multi-service organizations (Berry 1983).

CRM is based on the basic marketing belief that an organization that knows its customer like individuals. Its components may include data warehouse that store all a company's information, customer services system, call centre, e-commerce, web marketing, operations system that handle order entry, invoicing, payments, point of sale, inventory system, etc and sales system. In practices, CRM system range from automated customer-contact system to the company wide pooling of customers information.

CRM is one of the key processes in any firm. Although CRM is a relatively new business term and therefore, the definition can vary depending on the background of the individual writing it. The “F. Dwyer and Tanner” believe that CRM as those process that address all aspect of identifying customers, creating customer knowledge, building customer relationship and shaping their perception of the organization and its product. (Kotler - pp. 304 - 305).

The changing business environment is characterized by economic liberalization, increasing competition, high consumer choice, demanding customer, more emphasis on quality and value of purchase etc.

All these changes have made today's producer shift from traditional marketing to modern marketing. Modern marketing calls for more than developing a product, pricing it, promoting it and making it

accessible to target customer. It demands building trust, a binding force and value added relationship with the customers.

The process of developing a cooperative and collaborative relationship between the buyer and seller is called customer relationship management shortly called CRM. zs

2. Review Of Related Literature

Customer relationship management is the establishment, development, maintenance and optimization of long term mutually valuable relationship between consumers and the organization (Berry,1983) Successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes (Fox, Stead, 2001).

Companies within the automotive industry are, according to Peelen (2005), highly dependent on the relationships with the customers since they handle high involvement goods and have a low rate of customer loyalty, yet a high rate of customer satisfaction. The automotive industry has grown globally since the late 1980s as a result of foreign direct investment, global production and increased cross-border trades. Good customer relationships are at the heart of business success, and a working CRM system provides increased profitability. A CRM strategy must include; *interaction* - between customers and company, *contact* - manage and mapping out points between customer channels and company, *knowledge* - increased learning about customers through their behaviour, and *relating* - value creating through interaction with customers, channels, suppliers and partners. (Osarenkhoe & Bennani, 2007)

ArvindSaxena (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.

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.

3. Role Of Crm In Automobile Industry

Customer relationship management 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 assets to better manage their interactions with customers before, during and after purchase. 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. 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. 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 the dealers

are turning more aggressively to customer relationship management to help attract new customers, increase brand loyalty, reduce costs, increase efficiency, and maintain a competitive advantage.

4. Need For The Study

Customer relationship management is the most important concept of modern marketing. Customer relationship management is a comprehensive business strategy. It helps to organize its activities around the customer. The biggest management challenge in the new millennium of liberalization and globalization for a business is to serve and maintain good relationship with the king – the customer. In the past producers took their customers for granted, because at that time the customers were not demanding nor had alternative source of supply or suppliers. But today there is a radical transformation. The purpose of customer relation is not only for retaining the customers but also attracting new customers and increasing the sales and also creating and maintenance of brand awareness. It is a system for managing a company's interactions with current and future customers using technology to organize, automate and synchronize sales, marketing, customer service, and technical support. Today only those companies which are successfully maintaining the CRM constantly are winning the confidence of customers. This study is an attempt that directs to facilitate the management in marketing their future decisions in promoting and creating a good image in the society.

5. Objectives Of The Study

- To study customer opinion towards CRM initiatives.
- To identify the role of CRM in satisfying and retaining customers.
- To suggest measures for the improvement of CRM.

6. Research Methodology

Research design: The design method adopted for this research takes the form of a survey study as it allows samples to be selected and explanatorily studied. The design permit the collection of original data meant for describing large population with individual as unit of analysis.

Population and Sample size: This research took the form of a field survey, it is pertinent to mention that the population of this study is strictly, restricted to the customers of Hyundai in kadapa region of Andhra Pradesh. However time constraints directed the focus of this study in Hyundai company at Kadapa branch. where the desired sample was made.

The population consists of 100 users of Hyundai cars to whom the work would be generalized. The sample size of this research study is a proportion of individuals drawn from the population in order to assess the “Effectiveness of Customer relationship management”.

Sampling Techniques: A stratified sampling technique was adopted for this study as this technique gives every member an equal chance of being selected or chosen. This was due to the fact that the population was divided into sub-strata, based on criteria of level of Customers of Hyundai.

Research Instrument: This is a major procedure to be followed in carrying out a research study. It implies the tools used in the courses of collecting the need information for the research study. Questionnaires were the instrument of data collection used for this study.

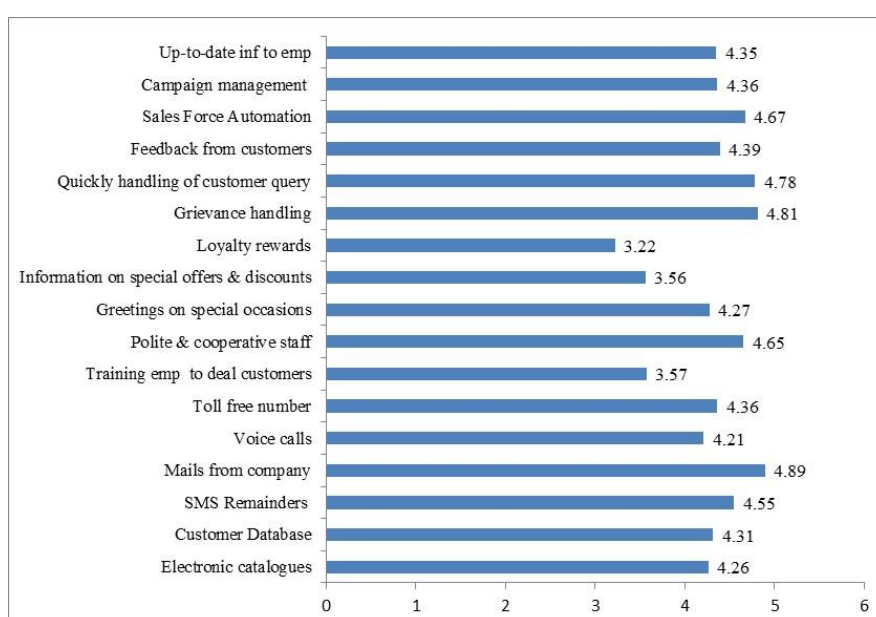
The questionnaire consists of closed ended questions pattern using the Likert scale closed-ended question as follows:

5 = Strongly Agree (SA) 4 = Agree (A) 3 = Neutral (N) 2 = Disagree (D) 1 = Strongly Disagree (SD)

Method of data collection: Data was collected through primary and secondary sources. Questionnaire administered to respondents is of the primary data source. The internet as well as the library constituted our secondary data collection medium. This includes journals, newspapers, magazines, textbooks, research findings reports etc.

Statistical Tools: Simple percentage method, Weighted mean method.

7. Data Analysis & Findings



1. CRM in organisation plays major role in customer retention. Respondents opined that CRM practices like database for customer profiling, SMS reminders, and mails from the company enhances good relation with customers with weighted mean scores of 4.26, 4.31 and 4.55.
2. As a part of CRM company need to maintain rapport with customers with voice calls, toll free numbers for providing and sharing information with weighted mean scores of 4.21 & 4.36.
3. Proper implementation of CRM in companies require proper training to employees in the areas of polite handling of customers with weighted mean scores of 3.57 & 4.65.
4. Company use to call customers to greet on special occasions and to provide information regarding special offers and discounts for maintaining continuous touch with customer with weighted mean scores of 4.27 and 3.56.
5. In order to attain competitive advantage company need to conduct market surveys to find out changing trends of customers with weighted mean score of 4.24.
6. Loyalty rewards for customers acts as a good motivator for increasing sales with weighted mean score of 3.22

7. Grievance handling and quick response for customer queries create good impression in the minds of customer which leads to customer retention with weighted mean scores of 4.81&4.78
8. Company need to take customers feedback to know about both performance of product and deficiencies has to be corrected with weighted mean score of 4.39.
9. Efficient sales force in organisation promotes good relation with customers to interact and fulfil their requests well in time with weighted mean score of 4.6.
10. Company need to conduct campaigns to interact with customers and welcome their suggestions for necessary actions with weighted mean scores of 4.36 and 4.28
11. Company has to update customer's information on an ongoing basis to provide better services with weighted mean score of 4.35.

8. Conclusion

Hyundai Motors has proven excellence over the years through its technologically advanced products, market expansion, customer satisfaction and increasing sales. Hyundai Motors consistently strives to increase shareholder value, build stronger customer relations and work with its business partners to provide the best value for money. The company is also involved in accelerating the country's economic growth and protecting the environment.

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