A Study on the Customer Retention Strategy and Its Practices With Reference To Four Wheeler Industry in Chennai City

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Abstract: Today Indian automotive industry is fully capable of producing various kinds of vehicles and can be divided into 03 broad categories: Cars, two-wheelers and heavy vehicles. A well developed transportation system plays a key role in the development of an economy, and India is no exception to it. With the growth of transportation system the Automotive Industry of India is also growing at rapid speed, occupying an important place on the 'canvas' of Indian economy. Customer retention refers to the activities and actions companies and organizations take to reduce the number of customer defections. The goal of customer retention programs is to help companies retain as many customers as possible, often through customer loyalty and brand loyalty initiatives. It is important to remember that customer retention begins with the first contact a customer has with a company and continues throughout the entire lifetime of the relationship. Customer retention can be seen as the mirror image of customer defection, where a high retention rate has the same significance as a low defection rate. Customer retention in terms of percentage share of customer savings, borrowing, spends or purchasing may be more useful instead of in terms of the absolute numbers of customers. This means that a high proportion of new customers could bring down the rate of retention and vice versa. This study was done in A.K. Motors with a sample size of 112 sampled through purposive or judgment sampling. The primary impartial of this study is to measure the effectiveness of consumer retention strategy and its practices at two wheelers industry in Chennai City.

Key words: Customer services, customer defection, sales promotion and service quality.

I. INTRODUCTION

The Automobile industry in India is the seventh largest in the world with an annual production of over 2.6 million units in 2009. In 2009, India emerged as Asia's fourth largest exporter of automobiles, behind Japan, South Korea and Thailand. By 2050, the country is expected to top the world in car volume with approximately 611 million vehicles on the nation's roads. Indian automobile industry has matured in last few years and offers differentiated products for different segments of the society. It is currently making inroads into the rural middle class market after its inroads into the urban markets and rural rich. The region is the home to the top six markets in the world. China is the largest national market of two wheeler industry and will continue to remain at the top followed by India and Indonesia in future. The demand for two wheelers is highly dependent on the economic stability and the average income levels of the country. In emerging economies like China & India, two wheelers are an affordable alternative to walking, riding bicycle and public transit systems etc. The rising fuel prices can also be a growth driver for two-wheelers due to their higher fuel efficiency. Customer retention can be seen as the mirror image of customer defection, where a high retention rate has the same significance as a low defection rate. In some cases, suppliers are unable to detect hidden defections of their customers. Hidden defections occur when firms fail to recognize a slower growth in sales of a particular retained customer relative to the growth of the market. The intention of research paper is to study the factors affecting customer retention

II. REVIEW OF LITERATURE

(**Reichheld and Schefter, 2015**) Retention of customers can be accomplished through automated services by providing superior service quality. However, the researchers have found limited empirical research examining the relationship between internet banking service quality and customer retention. A few studies investigating the relationship between web sIte attributes and customer retention in different contexts found a positive relationship between the two variables. In the banking sector, customers tend to use different service delivery channels in a complementary way; consequently, developing a relationship with the customer can be achieved from any one of these media and more likely, a combination of them. Since banks around the world are increasingly utilizing internet banking to supplant traditional products and service delivery processes, It was necessary to compare the influence of each service quality context (internet and tellers) on customer retention. The retention factor stimulated the companies to identify the most valued customer who significantly contributed to the profit-line of the same.

Chatura Ranaweera and Andy Neely (2016) suggested that customer retention over their lifetime will

significantly contribute to enhance company's profitability. The service organizations, in particular, delved deep into the calculations of Customer Life-Time Value (CLTV) to identify the most valued customers on the basis of their net-worth to the company. It present a holistic model of customer retention incorporating service quality perceptions, price perceptions, customer indifference and interact. Price perceptions and customer interference too were found to have a direct linear effect on retention. Furthermore, there was evidence to medicate that inertia was a relatively unstable condition and that reliance by service providers on inertia to retain customers could indeed be a risky strategy.

(Jones and Sasser, 2017) Research has been done on post-purchase behavior of customers. Higher customer retention does not necessarily result in higher customer loyalty. Even when customer satisfaction was high, the level of loyalty could be relatively low. In automobile industry, while only 85 percent to 95 percent of the customers report that they are satisfied, only 30 percent to 40 percent actually make repeat purchase. Repeat purchase is an indicator of customer retention. So, companies need to ensure that a customer is more than satisfied each time he or she visits the company. Companies also focus on the interpersonal communications between salespeople and customers. Communications play a very important role in successful sales interactions. An important aspect of any communication process is the ability to listen effectively. So, companies train their employees to be good listeners. Knowledgeable and prepared salespeople develop more meaningful relationships by listening to customers, than salespeople who do not. Salespeople need to empathize with customers in their listening. To achieve this, salespeople should adopt active techniques of listening. This helps in the retention of a customer after an initial sales has happened. Empathetic listening by a salesperson demonstrates concern about customers.

III. STATEMENT OF THE PROBLEM

Retaining customers is very essential for the economic well being of the organization. Companies are coming out with various loyalty programs, which can be a great way of building a lasting relationship with customers. Through loyalty programs, firms can gain repeat business from the customers, get opportunity to cross-sell and obtain rich Customer data for future CRM efforts. In today's business context, loyalty has come to describe a customer's commitment to do business with a particular organization, purchasing their goods and services repeatedly, and recommending the services and products to friends and associates. Loyal Customer can mean a consistent source of revenue over a period of many years. As acquiring new customers is getting costlier day by day, Automobile have started to offer loyalty programs to retain and reward existing customers too get enticed by such programs to earn rewards for staying loyal. Therefore, It is very essential for Automobile industry to know how much weight age customers give to such programs and turn the preposition into win-win situation. This study focuses on:

- How important are products and services to retain the customers?
- Is Promotion & Discounts one of the key factors for customer retention and loyalty?

IV. OBJECTIVES OF THE STUDY

- To find out the opinion of the customers towards the service quality of two wheeler companies.
- To study the impact of customer relationship on personal relationship in automobile sector.
- To study the factors affecting customer retention at two wheeler companies in Chennai city.
- To measure the existing customer retention practice followed by two wheeler companies

NEED OF THE STUDY.
The need of this study is to achieve a holistic understanding of the issues related to customer retention of Indian automobile industry. The study investigates the subject from both, customers and service providers view. The research will assist the service providers in developing effective customer retention strategies framework based on clearer understanding about switching behavior of the customers, and the factors that influence it.This study brings insight into the various customer retention measures currently being adopted by the metro car jewels and investigates their effectiveness, based on the data collected from the customers. It will also help them to identify areas of service improvement, which require corrective action, to increase customer satisfaction and loyalty.

V. SCOPE OF THE STUDY

The study restricts itself to Chennai city which helps to understand the respondent's preference towards the main brands of two wheelers bikes. This will benefit the company in making their future marketing decision and the scope of the study comprised consumer behavior, marketing mix, sales promotion, service identity, positioning, attribute analysis and demographic variables. In today's context both market and marketing is complex.

VI. RESEARCH METHODOLOGY

Research Design
A research design is the specification of methods and procedures for acquiring the information needed to structure or solve problems. It is the overall operational pattern or framework of the project that stipulates what information is to be collected, from which source, and with what procedures.

Sampling Methodology
A sampling method is a procedure for selecting sample members from a population. The sampling technique or method adopted for the study is purposive or judgment and the sample size is 111.

VII. DATA COLLECTION METHODS

Primary data are generated by a study specifically designed to accommodate the needs of the problem at hand. The methods used were direct survey from the customers of four wheelers and Secondary data are those, which are not collected specifically for solving the problem currently being investigated. Here secondary data were collected from the records available in the company website, books, govt reports, journals and through the internet.

VIII.   DATA ANALYSIS AND INTERPRETATION

CHI SQUARE TEST

Null hypothesis (Ho): There is no association between the rating of discount offer by the four wheeler companies and the gender of the customer.

Alternate hypothesis (H₁): There is association between the rating of discount offer by the four wheeler companies and the gender of the customer.

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	48.839[a]	12	.000
Likelihood Ratio	58.739	12	.000
Linear-by-Linear Association	.363	1	.547
N of Valid Cases	112		

a. 14 cells (70.0%) have expected count less than 5. The minimum expected count is 1.13.

Inference: As the P value is lesser than 0.05 the alternative hypothesis is accepted. There is association between the rating of discount offer by the four wheeler companies and the gender of the customer.

ONE WAY ANOVA TEST

Null hypothesis (Ho): There is no significant difference between the marital status of the employees respond to the calls.

Alternate hypothesis (H₁):There is significant difference between the marital status of the employees respond to the calls.

ANOVA

employees respond to calls

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.803	1	.803	1.423	.235
Within Groups	62.054	110	.564		
Total	62.857	111			

Inference: Accept null Hypothesis, since P value > 0.05.Hence There is no significant difference between the marital status of the employees respond to the calls.

FRIEDMAN TEST

Null hypothesis (H₀): There is no significant difference between mean ranks towards the factors affecting the customer retention strategy

Alternate hypothesis (H₁): There is significant difference between mean ranks towards the factors affecting the customer retention strategy.

	Mean Rank
employees behaviour influence the customers to use service	3.58
consistent courtesy shown by employees	3.51
showroom has customers best interest at heart	3.43
individual attention shown to customers	3.50
sms alerts provided to customers	3.21
employees understanding the need of the customers	3.76

Test Statistics[a]

N	112
Chi-Square	10.047
Df	5
Asymp. Sig.	.074

a. Friedman Test

INFERENCE

As the P value > 0.05, null hypothesis is accepted at 5%. So there is no significant difference between the means of the various factors influencing customer relationship.

IX. FINDINGS OF THE STUDY

- Using Chi square test it is found that as the P value is lesser than 0.05 the alternative hypothesis is accepted. There is association between the rating of discount offer by the four wheeler companies and the gender of the customer.
- Using One Way Anova it is found that Accept null Hypothesis, since P value > 0.05.Hence There is no significant difference between the marital status of the employees respond to the calls.
- Using Friedman Test, It is observed that As the P value > 0.05, null hypothesis is accepted at 5%. So there is no significant difference between the means of the various factors influencing customer relationship.

X. SUGGESTIONS AND RECOMMENDATION

- It is suggested that four wheeler companies and showroom should adopt innovative marketing strategies to enhance customer retention, especially with regard to optimizing perceived product and service quality to meet and exceed customers' expectations. The manager of the metro car jewels should also adopt m-marketing, ecommerce and e-marketing to improve the firm's performance in the market about the car accessories.
- It is recommended that Gift offers can be announced to lure the customers to gain effective feed back cards and the same could be offered during Festivals to all regular customers
- It is recommended that as the product is targeted at higher segment, the elite customers may not have time to send their vehicle for service, instead of reminding the customer for service through telephone, it is suggested to have a system of pickup and drop for sending the vehicles to the workshop.

XI. CONCLUSION

This study has drawn attention on the impact of different dimensions of customer relationship management to customer retention. 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. The customers are satisfied with the company's services and hence they will be loyal customers and will be retained. This indicates that satisfaction leads to customer loyalty and retention. The study also reveals that customers are satisfied with the services offered by them.

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