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Customer Retention Management and Strategies with Reference to Ford Motors

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Abstract:

Today's Marketing is customer driven market and customer satisfaction is the important objective for any business enterprise. To satisfy the customers and give better services to the customers, the retail outlets are chanting one marketing mantra known as "CUSTOMER RELATIONSHIP MANAGEMENT" (CRM). CRM is a tool for sales lead generation and it is about identifying, attracting and retaining king customers, and hence customer retention is achieved with highly satisfied customer which is possible with better relations. CRM gives appropriate database to prepare effective strategies to capture market opportunities by providing quality services to the customers and earn, retain long term customer loyalty. The present study examines the CRM practices and strategies followed by the retail outlets of Ford showrooms in Oman to find new customers and retain the existing customers and to capture new market opportunities.

Keywords: aggressive marketing, sophisticated ways of sales, Brand visibility, customer defections

1. Introduction

The aim of the study is to investigate the effective factors preferred for four wheelers by the customers to buy and the ways and means by which the companies follow for the customer generation and retention.

The global environment is buzzing with the important issues of building a competitive edge by creating and relating a larger number of customers than their competitors by effectively maintaining long-term relationships with customers through their goods and services. Every organization is therefore seized of the task of establishing & sustaining its worth to the customers, who has been rendered unpredictable by competition."

Today as market and marketers have come up with more effective and sophisticated ways of sales, in order to deliver higher customer value as a means to gain competitive advantage. This left the customers with so many options before him to make his best choice. Today the companies looking after all aspects of interaction with its customers, whether it is sales or service related.

The better interaction need to Acquire the new customers, Retain the customers, Extend the relationships by CRM & overall managing customer retention strategies, so there is a need of the Study in this area.

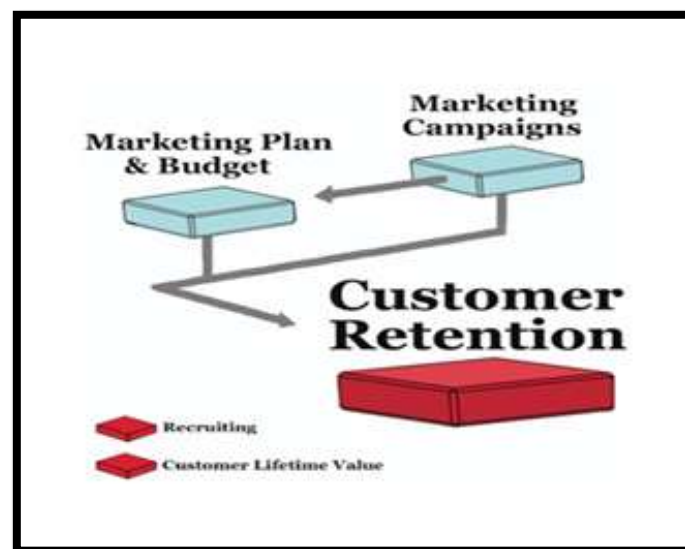


Figure 1

2. Literature Review

Hallen et al. (1991, P.30) revealed that adaptations tend to bound the buyer and seller in a tight relationship which and avoid competitors to enter.

Radha Krishna G and Shylajan C S, "Determinants of Habitual Buying behavior: A Study of Branded Apparels, The journal of Marketing Management, August 2007, Vol.6, No.3, and PP.6-20. According to their study the procedures apart from providing all product features should also go for aggressive marketing and provide significant Brand visibility.

Wilson (1995, P.13) has pointed out various factors that affect CRM such as commitment, Trust, Cooperation, satisfaction, Social bonds etc.

Shailendra Dasari and Rupa Gunaseelan, Relationship marketing an Overview, Indian Journal of Marketing, Vol. 42, No. 12, December,2012. Concluded that the Relationship Marketing are the Relational Marketing Strategies that were largely from the consumer goods sector which focuses on the loyalty programme and he explained that the consumer goods sector is the sector which is most suitable for adopting Relationship and strategies.

Technology enhancing Customer Relationship Management: A Review, Shreyas Srivatsan, it was fairly concluded that all organizations look for enhancing customer satisfaction with technology as an enabler in various marketing value networks, having its own relationship amidst each other in the ecosystem at various product life cycles and various inflection points.

3. Customer retention

Customer retention refers to the percentage of customer relationships that, once established. A small business is able to maintain on a long-term basis. It is a major contributing factor in the net growth rate of small businesses. For example, a company that increases its number of new customers by 20 percent in a year but retains only 85 percent of its existing customers will have a net growth rate of only 5 percent (20 percent increase less 15 percent decrease). But the company could triple that rate by retaining 95 percent of its clients.

Customer retention is not only a cost effective and profitable strategy, but in today's business world it's necessary. This is especially true when you remember that 80% of your sales come from 20% of your customer and clients.

Customer Retention is the activity that a selling organization undertakes in order to reduce customer defections. Successful customer retention starts with the first contact an organization has with a customer and continues throughout the entire lifetime of a relationship. A company's ability to attract and retain new customers, is not only related to its product or services, but strongly related to the way it services its existing customers and the reputation it creates within and across the market place.

There are four major, powerful themes that go to the heart of modern marketing theory and practice, they are:

1. Building and managing profitable customer relationships.
2. Building and managing strong brands.
3. Harnessing new marketing technologies in this digital age.
4. Marketing in a socially responsible way around the globe.

The study was carried out to know how the new customers are generated and the strategies adopted and applied by the selected automobile company (Ford motors) to retain the existing customers. The study also focuses on what factors make the customers to buy and be loyal to the company brand. For which a structured questionnaire is prepared and supplied to hundred (100) customers/ consumers of the Ford Company near the showrooms and authorized workshops of in and around the Muscat city. Based on which the conclusions are drawn and recommendations are made.



Figure 2

Ford Motor Company is an American multinational corporation and the world's third largest automaker based on worldwide vehicle sales. In 2006, Ford was the second-ranked automaker in the US with a 17.5% market share, behind General Motors (24.6%) but ahead of Toyota (15.4%) and *DaimlerChrysler* (14.4%). Ford was also the seventh-ranked American-based company in the 2007 Fortune 500 list, based on global revenues of \$160.1 billion. In 2006, Ford produced about 6.6 million automobiles, and employed about 280,000 employees at about 100 plants and facilities worldwide. In 2007, Ford had more quality awards from J.D Power than any other automaker.

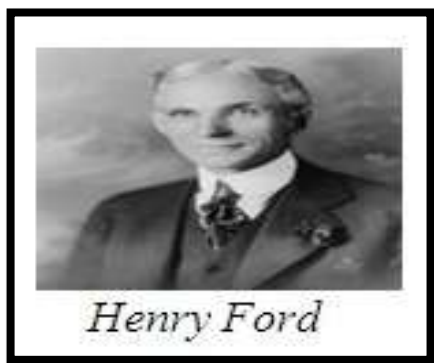


Figure 3

Based in Dearborn, Michigan, a suburb of Detroit, the automaker was founded by *Henry Ford* and incorporated in June 16, 1903. Ford now encompasses many global brands, including Lincoln and Mercury of the US, Jaguar and Land Rover of the UK, and Volvo of Sweden. Ford also owns a one-third controlling interest in Mazda.

Ford has been one of the world's ten largest corporations by revenue and in 1999 ranked as one of the world's most profitable corporations, and the number two automaker worldwide.

Ford introduced methods for large-scale manufacturing of cars and large-scale management of an industrial workforce, especially elaborately engineered manufacturing sequences typified by moving assembly lines. Henry Ford's combination of highly efficient factories, highly paid workers, and low prices revolutionized manufacturing and came to be known around the world as Fordism by 1914.

- Q. Which of the following Ford car you own?

S.no	Name of The car	No. of Customers	% of Customers
1	Focus	49	49
2	Edge	27	27
3	Mustang	15	15
4	Fusion	9	9

Table 1

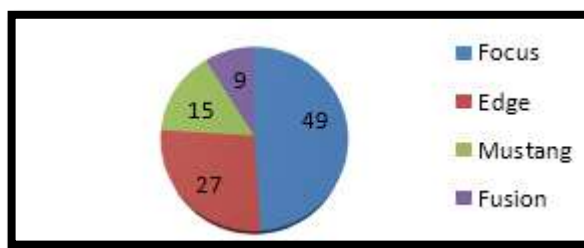


Figure 4

This question is meant for gathering the *information* regarding the most preferred car in the Ford cars. From the above graph it is found that most preferred vehicle of Ford cars is *Focus*.

- Q. What do you like most about your Ford car?

S.no	Customer preference	No of Customers	% of Customers
1	style/ design	18	18
2	comfort	46	46
3	Ford brand	26	26
4	service	10	10

Table 2



Figure 5

This question is meant to know the *customers preferences* and likes towards the cars. It is clear that most of the customers prefer product because of *comfort*.

- Q. What do you feel great about your car when compared to other cars in the market?

S.no	Customers Perspective	No of customers	% of Customers
1	fuel efficiency	4	4
2	durability	14	14
3	low maintenance	18	18
4	sound quality	24	24
5	brand name	40	40

Table 3

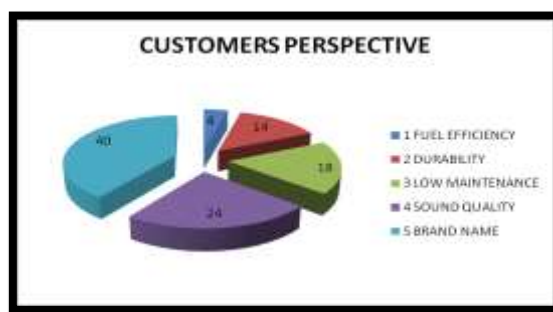


Figure 6

According to the *customer's perspectives*, many of the Ford customers are buying the cars by seeing its *Brand Name* only. The no. of customers satisfied with the fuel efficiency is very low.

- Q. How did you come to know about this car before purchasing?

S.no	Source of Awareness	No. of Customers	% of Customers
1	sale's person visit	18	18
2	advertisements	50	50
3	car experts	6	6
4	sale's person visit	16	16
5	auto magazines	10	10

Table 4

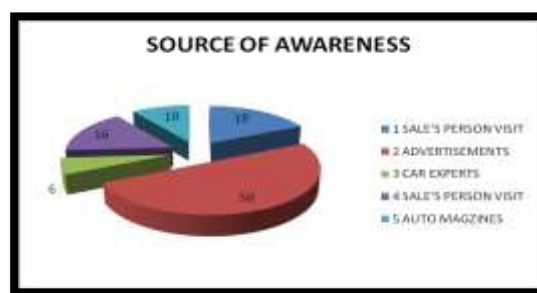


Figure 7

Most of the Ford customers came to know about their vehicle through *advertisements* only. The major media that attracted the customers is *television*.

- Q. Can you share your experience with after sale service support?

S.no	Post service Experience	No of customers	% of Customers
1	very much satisfied	12	12
2	satisfied	30	30
3	ok	50	50
4	not satisfied	8	8

Table 5



Figure 8

This question is prepared to know the service levels of the authorized dealer. Most of the customers responded *ok* about the service. Only a very few customers are *very much satisfied* with the service. Even some of the customers are not satisfied with the service given by the authorized service men.

- Q. Where do you get your car serviced regularly?

S.no	Place of service	No of Customers	% of Customers
1	at authorized service centre	82	82
2	at a local work shop	18	18

Table 6

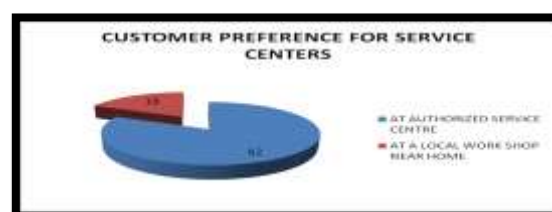


Figure 9

Most of the Fortune Ford customers are interested to service their vehicles only at the authorized dealers.

- Q. To which media do you get expose regularly?

S.no	Media	No. Customers	% of customers
1	televisions	52	52
2	magazines	14	14
3	news papers	32	32
4	f.m/ radio	2	2

Table 7

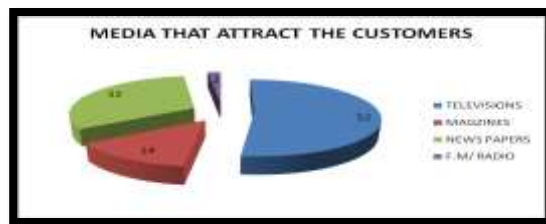


Figure 10

Televisions play a major role in exposure of product, which is a good media for communicating with people and delivering intentions about product.

- Q. What is your opinion on the price list of Ford cars?

S.no	Customer Openinion On price list of ford car	No of Customers	% of customers
1	affordable by common man	12	12
2	affordable only by rich man	84	84
3	can't say	4	4

Table 8



Figure 11

More than 80% of customers think that Ford cars are affordable only by rich men. These cars are too expensive for an economic/common man of the society.

- Q. What kinds of offers do you like or expect from the dealer?

S.no	Offers	No of Customers	% of Customers
1	free insurance	18	18
2	special discount on sale of car	6	6
3	extending the service period	54	54
4	finance availability with 0% interest	22	22

Table 9



Figure 12

Promotional techniques/ offers attract the customers mostly. From the above analysis it is also clear that customers are expecting the *extension in the service period* from the various offers given to them.

- Q. What more do you expect from your dealer?

S.no	Expectations of customer	No of Customers	% of Customers
1	information about new cars	4	4
2	information about service and mileage	68	68
3	assistance regarding loans and insurance	8	8
4	understanding customer needs	20	20

Table 10



Figure 13

Most of the customers are expecting the information about *service and mileage* regarding the cars from the dealer. The above question is also meant to know about the customer’s expectations and their post purchase service demands from the dealer.

- Q. How do you feel when an unknown sales person approaches you by knowing your full details to demonstrate about any product?

S.no	Customer Opinion	No of Customer	% of Customer
1	I will not respond	22	22
2	lost my privacy	10	10
3	interested in knowing (if I feel a need of it)	68	68

Table 11



Figure 14

This question is prepared indirectly to know about the customer’s opinion about the Data Bank maintenance by the Fortune Ford. In reply majority of the customers gave a positive reply by *showing interest in knowing* about the cars when a sales person gives a detailed description about the cars.

4. Conclusion

From the above analysis based on questionnaire, it is clearly understood that though Ford is one of the expensive automobile brand, most of the customers are much satisfied by the sales strategies resulting in buying the car. The post purchased customers also feel comfortable with the service and promotional offers which makes them to stick on to the dealers for their regular checkups and services of the cars. The comfort level of the customers is also one of the factors which make the buy and retention possible.

The above analysis also makes clear that only selling the product is not sufficient but also maintaining their long term relationship has great importance which may affect not only the existing customer but also makes the generation of new customer.

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