



Introduction Document

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CRM: An Overview

After its evolution from the service-oriented businesses like telecom and credit cards the concept of CRM has come a long way in last five years. Lot of diverse businesses have embraced CRM and have benefited from it. It has seen the fundamental approach to appease customers; it has seen the vagaries of technology. The CRM cells in organisations have evolved from small informal groups to empowered quarters which call the shots. Host of new businesses have come up to provide ideas and Business Process Outsourcing (BPO) for CRM.

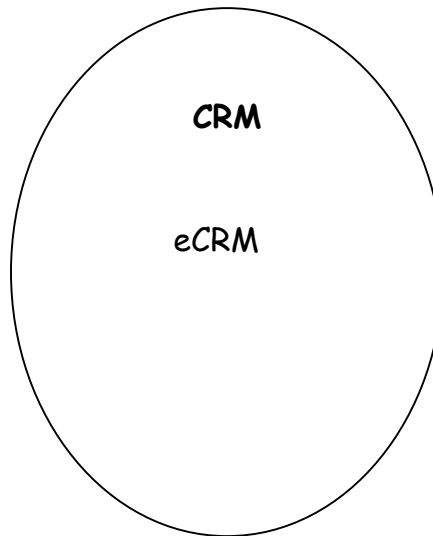
Fundamentally, the origin of the concept CRM, as we see it today goes back to the anxieties of the market place in late eighties, when, because of over-competition businesses were forced to find ways and means to retain the customers. As it was proved repeatedly that the **Cost of Acquisition (CA)** of a customer was always more than the **Cost of Retention (CR)**, it made a lot of business sense to spend in retaining a customer and managing the relationship.

Relationship management called for information and contact management, so companies started investing in technologies to evolve efficient data management and retrieval systems along with responsive interfaces. Then born the eCRM, the Information Technology Based Systems for CRM.

Gradually competitive pressures and cost constraints forced businesses to re-look at their CRM strategies and then concepts like **Customer Profitability** started dominating the CRM models of the companies. The conventional wisdom prevailed and people realized that CA might be more than CR but if the CR was more than the Life Time Customer Profitability then it might not make a business sense to retain the customer. This gave way to hybrid CRM systems optimal use of technology and lot of focus on attitude and empowerment.

CRM and eCRM

Normally businesses misunderstand eCRM for CRM as a result of which they start investing in technologies and end up making their systems so complicated and non user-friendly that they become virtually non responsive. **CRM should not be perceived only as an Integrated IT Based System, which takes care of all your CRM, needs. It does not. CRM requires a lot of attitude, empowerment, intelligent use of data.** It definitely uses the latest technologies in order to build up responsiveness in the system but it is intelligent and optimal use of technology.



CRM in Auto Retailing: The Concept

CRM has established itself as the key strategic initiative in the businesses having service orientation and continuous business potential with a single customer. While the concepts like Lifetime Customer Value and Customer Acquisition Cost are known to businesses and are being used to derive competitive advantages, Auto Businesses having both product and service orientation can also derive a lot of advantage in terms of having a proactive posture. The concept of CRM is widely applicable to auto businesses for the simple reason that these businesses have

- Definite repetitive buying cycle
- Continuous transaction at service layer
- Quality of product and service experience of the customer is at the core of business strategy

The cost of building a brand and luring the customers through the same entails enormous costs and to reduce such costs, the best strategy is to retain existing customers by ensuring better customer experience.

Better customer relationship starts with knowing the customers and maintaining the contact. So at the centre of a CRM system is always a Relationship Strategy.

Relationship Strategy

- ➔ Know the customers
- ➔ Ensure Consistent Quality of customer experience
- ➔ Build up the relationship
- ➔ Nurture the relationship
- ➔ Harness the relationship

Tracking the Customer: Key to CRM

It may sound funny but the question most of the auto companies face today is:

Who are our existing customers?

The reason for this is that these companies have never had a system of tracking the customers and now in the competitive market place when the existing customers could be of a lot of use in terms of getting in new business from self or referred customers, it is of utmost importance to know the whereabouts of this customer. All the more lacunae in the whole system are because customers are handled by intermediaries and not by auto companies directly. Most of the times the systems at the dealership determine the CRM design for a car company and company has only a partial control over them.

Thus proper tracking of customers at the retail layer and flow of same information to the company form two fundamental processes in the CRM System. The second issue is regarding the usage of data gathered and it poses a bigger challenge, as it requires a very robust system to track the customers through the data particularly when the customer base is huge and resources are limited.

Use of Information Technology and Business Process Outsourcing comes handy under these situations by offering very cost effective tools and techniques keeping a proper balance between the cost of CRM system and Customer Profitability.

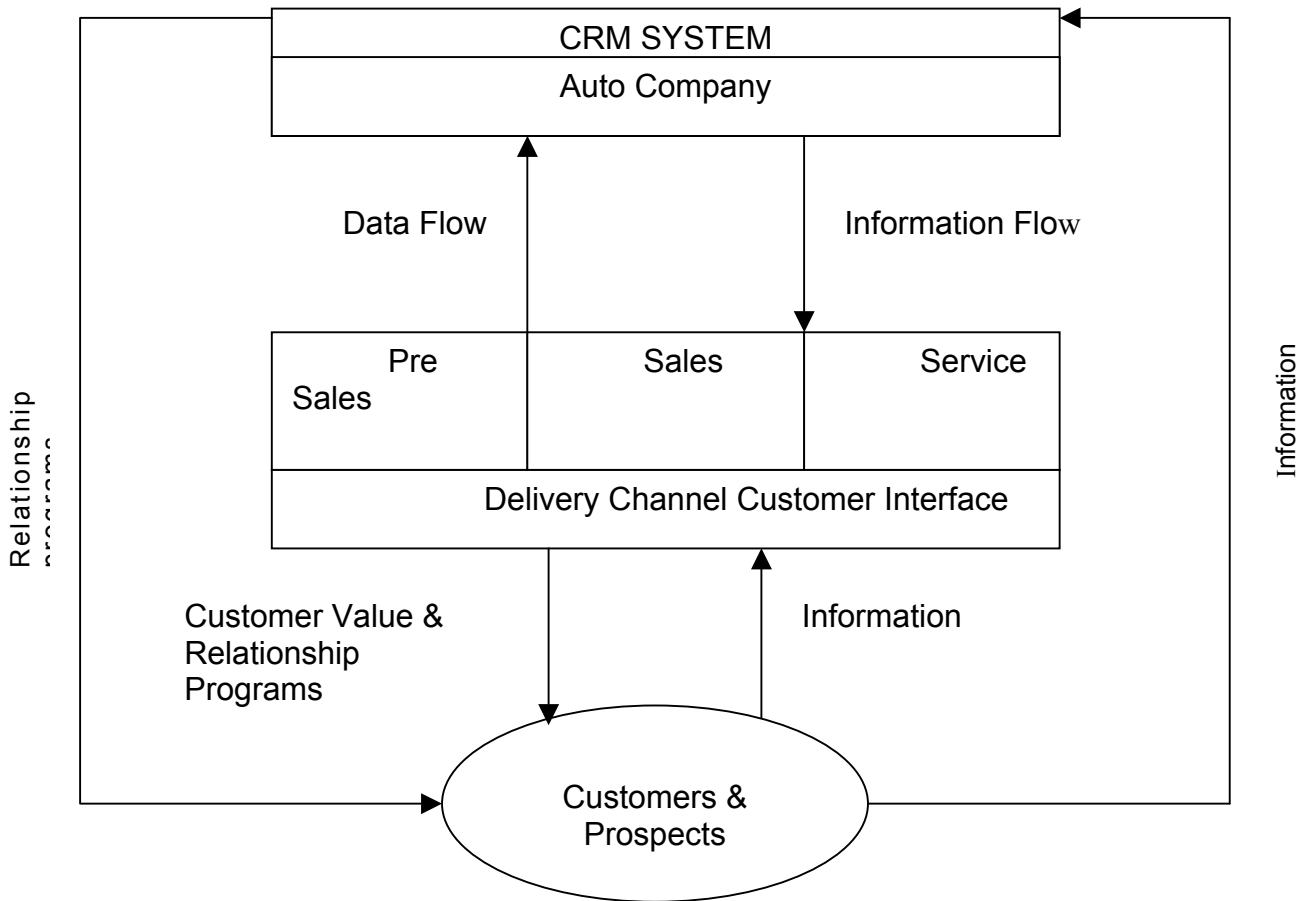
CRM Architecture in Auto Business

The CRM system for an auto company would involve following fundamental elements

- Handling Processes at Interface
- Database Management
- Information Flow
- SMART Data Usage to Generate Internal Value
- Relationship Strategy to Enhance Net Customer Value
- Personal Touch and CRM Attitude

General CRM Model for an Auto Company

A basic model that incorporates all the above elements works as a strategic tool for auto companies. Such a model envisages simple easy to operate systems with a lot of personal touch and attitude for CRM and at the same time takes care of all Data Processing, Data Warehousing and Data Mining tools with optimal use of technology.



Basic CRM Model for Auto Companies

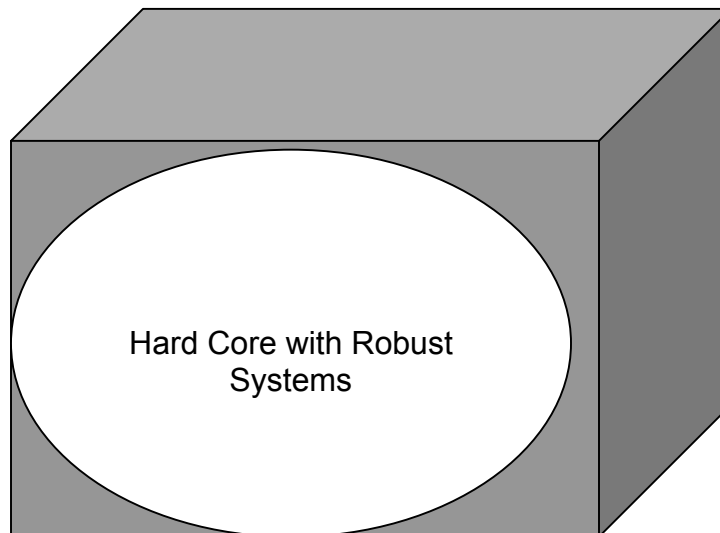
Key Components

Hard Sphere

- ➔ Robust System Design
- ➔ Optimal Use of Data Related Technologies
- ➔ Business Process Outsourcing

Soft Rectangle

- ➔ Attitude and Mindset for CRM
- ➔ Approach Metamorphoses
- ➔ Personal Touch



Soft Cover with Personal Touch
The “Hard n Soft” of CRM

Basic Structure and Modules

Fundamentally reasons a CRM system would have following four modules

- Pre Sales
- Sales
- Service
- Central CRM System

Pre Sales Module

This is a result-oriented system which takes multidirectional inputs from various channels, processes them to release information useful in sales. It largely works towards facilitating the **prospecting process** for the company. Such a system comes very handy at the time of new product launches or new sales promotion program rollouts.

Components

- Data Collection and Filtering system
- Data Cleaning Up and Analysis System
- Data Tracking System

Core Functions

- Generating the information to be used for sales activity
- To Run Prospect Relationship Programs
- Continuous Cleaning Up and recycling of data

People

A prospecting system requires a telemarketing manned by Customer relationship Executives with Data Entry Operator. It is based at the dealership and keeps on getting inputs from all channels including manufacturer.

Sales Module

This system takes care of all the information collection activities at the time of sales and processes same data to make it usable and gives the output to Customer Relationship Centre and Manufacturer. This is also based at the dealership. **It focuses separately on the individual and fleet account customers.** It works on segmental basis. In fact it envisages a separate Fleet Account Management System which is imperative for a company's success and forms a key element in the CRM system.

Components

- Information Recording System
- Fleet Account Profiling System
- Analysis and MIS System

Functions

- Collecting the information about the new customers
- Recording and processing the information to make it usable for other systems
- To run sales promotion programs
- To use the data for market analysis
- To furnish inputs for MIS

People

This system requires contribution from every one involved in sales, though the database management part can be taken care of by the Data Entry operator in the Telemarketing Cell.

Service Module

This is the most exhaustive system, which forms the backbone of the CRM System and is responsible for all the data collection as well as information processing required with existing customers. It takes inputs from Sales and Service layer and works to roll out all the CRM related initiatives. At the centre of it is the CRM centre.

Components

- ➔ CRM Centre
- ➔ Information Management System
- ➔ Tracking System
- ➔ Concern Handling System

Functions

- ➔ Data Collection
- ➔ Customer Follow-up and Feedback with Post Delivery Contact
- ➔ Customer Concern Resolution
- ➔ Concern Analysis
- ➔ Running Relationship Programs
- ➔ Quality Control

Central CRM CELL

This is located at the manufacturer location and takes care of all data warehousing and mining operations this cell also works closely with marketing and sales department for the roll out of various relationship programs, launches etc.

Components

- Data Warehousing and Mining System
- Interactive Information Management System

Functions

- Storage and Intelligent Usage of Data
- Direct Marketing
- Inputs to other modules
- Controlling the data flow from other modules
- Running Relationship Programs
- Furnish data for Market Research, Product Launches etc.

Project Cycle

- Gap Analysis
- Relationship Strategy and Policy Formulation
- System Design
- BPO Decisions
- System Implementation
- Training and Hand Holding
- System Roll Out
- Feedback and Refinements