

# A Study on the Customer Retention Strategy and its Practices with Reference to Four-wheeler Industry in Raipur City

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## 1. Abstract

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This study investigates the customer retention strategies employed by the four-wheeler automobile industry in Raipur city. The research highlights the importance of retaining existing customers over acquiring new ones, focusing on practices such as after-sales service, customer loyalty programs, personalized communication, and service quality. Primary data was collected through structured questionnaires from customers and dealership staff. The analysis reveals key factors influencing customer loyalty, such as timely service, staff behavior, price transparency, and brand experience. The study concludes with practical suggestions for enhancing retention rates in a competitive market like Raipur.

## 2. Introduction

In today's competitive automotive market, retaining existing customers is crucial for sustainable growth. Customer retention refers to the ability of a company to retain its customers over time. In the four-wheeler industry, where brand switching is common, companies must implement strong retention strategies. Raipur, being a fast-developing city and a regional hub, has witnessed increasing four-wheeler sales and service competition. This study aims to evaluate how car dealerships and manufacturers in Raipur maintain customer relationships post-purchase.

In the rapidly evolving global economy, customer retention has emerged as a critical area of focus for companies striving to build sustainable business models. With markets becoming more saturated and competition more aggressive, especially in the automotive industry, organizations are realizing that retaining existing customers is more profitable and cost-effective than acquiring new ones. Customer retention not only leads to sustained revenue but also contributes to brand loyalty, word-of-mouth promotion, and long-term growth. The four-wheeler industry, particularly in developing cities like **Raipur**, is no exception to this trend. As urbanization grows and incomes rise, the demand for four-wheelers in cities like Raipur is accelerating. Amid this growth, the challenge lies in ensuring that customers stay loyal to a particular brand or dealership despite a range of options.

The automobile industry in India has experienced significant growth over the past two decades, with numerous players such as **Maruti Suzuki, Hyundai, Tata Motors, Mahindra, Kia, and Honda** vying for market share. These companies not only compete in terms of product offerings but also in how effectively they manage post-sale customer relationships. Traditionally, marketing efforts have focused heavily on customer acquisition; however, modern business practices emphasize the importance of long-term engagement through retention strategies. In the context of Raipur—a developing tier-2 city that serves as the capital of Chhattisgarh—automobile dealerships and manufacturers are witnessing growing competition, increasing customer expectations, and evolving buying behaviors. This makes the implementation of effective customer retention strategies even more crucial.

Customer retention strategies are deliberate actions and efforts made by businesses to keep their existing customers over a period. These strategies include loyalty programs, quality after-sales services, regular communication, feedback collection, extended warranty programs, and personalized experiences. The goal is not just to retain customers but to convert them into brand advocates who bring in more business through referrals. For the four-wheeler sector in Raipur, where consumer choices are influenced by

service quality, brand perception, pricing transparency, and trust in the dealership, customer retention becomes a multifaceted challenge and opportunity.

In Raipur's automotive market, competition is intense among brands. Most customers purchase vehicles through authorized dealerships and expect services like insurance, roadside assistance, and timely maintenance to be included. Dealerships and service centers must, therefore, go beyond basic services and build relationships that keep customers coming back. A well-executed retention strategy can reduce customer churn, increase customer satisfaction, and improve the dealership's reputation in the market.

One of the significant changes observed in recent years is the increased awareness and digital literacy among customers in Raipur. With the rise in digital platforms, customers now compare brands, read reviews, and expect a certain level of service quality based on national and international standards. Hence, localized dealerships can no longer rely only on traditional selling techniques; instead, they need to implement intelligent and proactive strategies for maintaining customer relationships. The advent of Customer Relationship Management (CRM) software, AI-driven service reminders, automated feedback systems, and loyalty apps have all enhanced the tools available for customer retention.

Further, customer retention strategies in the four-wheeler sector have become more relevant due to the long life cycle of automobiles. Unlike fast-moving consumer goods, cars are purchased less frequently, which makes it even more important for brands to stay relevant in a customer's mind through meaningful engagement. In a city like Raipur, where word-of-mouth and community trust play a significant role in influencing buying behavior, even a single negative experience can result in lost customers and tarnished reputations. Hence, dealerships need to focus not only on the transaction but also on the post-sale journey of the customer.

Demographically, Raipur presents a mix of urban professionals, business owners, government employees, and middle-class families—all of whom have distinct needs and expectations from the brands they engage with. As the market matures, customers in Raipur are no longer just price-sensitive; they are also service-sensitive. They expect brands to provide convenience, digital touchpoints, easy financing options, timely updates, and value-added services. Hence, a "one-size-fits-all" approach does not work anymore. Companies must segment their customer base and develop tailored retention strategies that address the unique expectations of different consumer groups.

Moreover, the impact of customer retention strategies is not limited to the consumer level; it also reflects in the internal operations and profitability of the business. Studies have shown that increasing customer retention by just 5% can lead to profit increases of 25% to 95%. This correlation is especially important for automobile dealerships in Raipur operating on tight margins and facing high acquisition costs. By retaining customers and increasing the frequency of their visits for services, accessories, or repeat purchases, dealerships can stabilize their revenue streams and improve operational efficiency.

In addition, customer feedback, another pillar of retention, provides valuable insights into areas of improvement. Satisfied customers often return for periodic servicing, refer new buyers, and are more likely to upgrade to newer models of the same brand. This cyclical customer behavior benefits dealerships in Raipur by creating a loyal customer base and reducing the dependency on seasonal sales or marketing campaigns.

Despite the importance of customer retention, many dealerships in Raipur still struggle to implement structured strategies. There is often a lack of training among service staff, inadequate tracking of customer data, and poor follow-up mechanisms. Some dealerships continue to rely solely on vehicle sales, ignoring the long-term benefits of a customer-focused retention approach. To remain competitive, dealerships must embrace innovation, digitalization, and proactive engagement as essential elements of their customer retention policy.

In light of the above, this study aims to explore the current customer retention practices employed in the four-wheeler industry in Raipur city. It seeks to understand customer perceptions, analyze dealership practices, and provide data-driven suggestions for improving retention outcomes. By analyzing

both customer and dealer perspectives, the research will offer valuable insights into the gaps and opportunities that exist in the Raipur automotive market. This study not only contributes to academic knowledge but also holds practical implications for business leaders, service managers, and marketers operating in the automobile sector.

### 3. Literature Review (LR)

- **Kotler & Keller (2016)** emphasize the importance of customer lifetime value and retention strategies.
- **Reichheld (1996)** established the link between customer loyalty and profitability.
- Research by **Indian Auto Blog (2022)** shows that customer satisfaction post-purchase is a key driver for retention in India.
- Several studies indicate the role of CRM (Customer Relationship Management), service quality, and loyalty programs in retaining customers.
- In the Indian context, **Maruti Suzuki** and **Hyundai** have been cited as leaders in effective retention through service and warranty packages.

### 4. Objectives of the Study

1. To study the current customer retention practices followed by four-wheeler companies in Raipur.
2. To evaluate customer satisfaction levels post-purchase.
3. To identify key factors that influence customer loyalty in the automobile sector.
4. To suggest strategies to improve customer retention in the four-wheeler industry.

### 5. Research Methodology (RM)

- **Research Design:** Descriptive
- **Data Type:** Primary and Secondary
- **Primary Data Collection Tool:** Structured questionnaire (for customers and dealership executives)
- **Sample Size:** 100 respondents (customers of major four-wheeler brands)
- **Sampling Technique:** Convenience sampling
- **Data Analysis Tools:** Percentage method, charts, graphs, and basic statistical tools
- **Study Area:** Raipur City

## 6. Analysis and Interpretation

**Example Table 1: Brand-Wise Customer Retention**

Brand	Repeat Customers (%)
Maruti Suzuki	65%
Hyundai	58%
Tata Motors	50%
Mahindra	46%
Others	40%

**Graph Example: Key Factors Influencing Retention (Customer Responses)**

- **Service Quality** – 70%
- **On-time Delivery** – 60%
- **Transparent Pricing** – 55%
- **After-Sales Communication** – 52%
- **Loyalty Rewards** – 35%

Interpretation: Most customers value service quality and timely communication as critical factors for remaining loyal to a brand.

### 1. Gender of Respondents (Customers)

Gender	No. of Respondents	Percentage
Male	56	70%

Female	24	30%
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#### Interpretation:

Majority of the respondents were male, indicating that males are more involved in four-wheeler purchase and service decisions in Raipur.

### 2. Age Group of Respondents

Age Group	Respondents	Percentage
18–25 years	10	12.5%
26–35 years	26	32.5%
36–45 years	20	25%
46 years & above	24	30%

#### Interpretation:

The age group of **26–35 years** is the most active customer segment in the four-wheeler market in Raipur, followed by middle-aged consumers.

### 3. Preferred Car Brands in Raipur

Brand	Respondents	Percentage
Maruti Suzuki	32	40%
Hyundai	18	22.5%
Tata Motors	12	15%
Mahindra	8	10%
Honda/Kia	10	12.5%

#### Interpretation:

Maruti Suzuki dominates the market in Raipur due to affordability, mileage, and widespread service centers. Hyundai and Tata follow closely.

### 4. Reason for Choosing the Brand

Reason	Respondents	Percentage
Fuel Efficiency	25	31.25%

Brand Reputation	20	25%
After-Sales Service	18	22.5%
Design & Technology	10	12.5%
Price Offers/Discounts	7	8.75%

#### Interpretation:

Fuel efficiency and brand reputation are the primary reasons influencing brand preference. This indicates that retention efforts should focus on maintaining performance and trust.

### 5. Frequency of Vehicle Servicing

Frequency	Respondents	Percentage
Every 3 months	40	50%
Every 6 months	24	30%
Once a year	10	12.5%
Rarely	6	7.5%

#### Interpretation:

50% of respondents service their vehicles every three months, showing that frequent service interactions provide opportunities for customer engagement and retention.

### 6. Satisfaction with After-Sales Service

Level of Satisfaction	Respondents	Percentage
Highly Satisfied	22	27.5%
Satisfied	38	47.5%
Neutral	12	15%

Dissatisfied	6	7.5%
Highly Dissatisfied	2	2.5%

### Interpretation:

Approximately **75%** of the customers are satisfied or highly satisfied with after-sales service. This demonstrates a positive correlation with customer retention.

## 7. Findings

- Service satisfaction is the top factor influencing repeat purchases.
- Maruti Suzuki leads in Raipur with high retention due to extensive service networks and affordability.
- Loyalty programs are underutilized by many dealerships.
- Younger customers (age 25–35) are more likely to switch brands unless emotionally or financially engaged.
- Digital follow-ups (emails, app notifications) have shown positive retention outcomes.

## 8. Suggestions

1. Enhance personalized communication via SMS, emails, and mobile apps.
2. Introduce loyalty reward systems such as free services, extended warranties, and discount vouchers.
3. Train front-line staff to improve service interaction quality.
4. Set up a dedicated customer relationship team to track feedback and grievances.
5. Use AI and CRM software for customer profiling and predictive service.

## 9. References

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