

Chapter 22

CS and CL for Boosting Marketing Effectiveness to Strengthen Japanese Auto-Dealerships

ABSTRACT

Faced with a sluggish economy, car sales have been disappointing in recent years. Given this situation, it is critical that auto-dealerships shift the focus of their sales and marketing activities from attracting new customers to keeping the customers they already have. This move can be expected not only to reduce sales costs, but also contribute to healthy profits. Therefore, the author proceeds with researching Customer Satisfaction (CS) and Customer Loyalty (CL) as a way of boosting marketing effectiveness, clarifying the key factors that comprise customer loyalty and help improve the marketing strategy. Then, as an application example, the author focuses on the development and effectiveness for CS and CL describing Video Unites Customer Behavior and Maker's Designing Intentions (VUCKMIN) and Total Direct Mail Management Model (TDMM).

INTRODUCTION

Relationships between auto-dealerships and their customers typically change and develop over time. Analyzing this phenomenon through a customer's lifecycle framework allows us to assess the financial rewards a company receives over the course of these developments; in other words, figure out how much profit is generated over time.

When sales and new customer acquisition rates begin to fall, dealers start shifting their attention to how they can keep their existing core customers (Customer Retention, CR) and how they can get these customers to purchase additional related or different products.

The auto-industry is already mired in this situation and must find ways to deal with it. Customer loyalty (CL) is a concept that will become increasingly critical in the future.

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It requires that auto-dealerships work to boost satisfaction among their core customers by continuing to offer the products and services that these loyal customers want to take advantage of and purchase (Amasaka, 2007, 2009, 2011; Okutomi, 2011; Okutomi and Amasaka, 2012, 2013; Amasaka et al., 2013).

Then, in previous research, many studies have already been done across a variety of industries dealing with the analysis methods and processes that can be used to clarify the components involved in customer satisfaction and customer loyalty (Ex. Yamamoto and Enkawa, 2000).

Several of these studies, particularly one by Kawasaki and Yoshizawa (2001), customer satisfaction (CS) using customer data marketing to increase satisfaction levels.

At the same time, though structural analysis tools have been applied to customer loyalty in some studies, the author knows of no studies that have been done on auto sales from a multidisciplinary perspective.

In this section, therefore, the author looks to statistics as it focuses on CS as a way of boosting marketing effectiveness, clarifying the key factors that comprise CL, and helps to improve the marketing strategy employing NJ-MMM (New Japan Marketing Management Model) as indicated in Figure 2, Chapter 16 (Refer to Chapter 16). This model was developing SCCM (Scientific Customer Creative Model) based on “Advanced TMS, strategic customer creation model” in NJ-AGMM (New Japan Automobile Global Manufacturing Model) as described in Figure 1(3) and 9 (Okutomi, 2011; Okutomi and Amasaka, 2012, 2013, 2019) (Refer to Chapter 6 and Chapter 16).

Then, as application examples using those knowledge acquired above, the author focuses on the development and effectiveness for CS and CL describing “Video Unites Customer Behavior and Maker’s Designing Intentions” (VUCKMIN) and “Total Direct Mail Management Model” (TDMM) (Kimura et al., 2007; Kojima et al., 2010; Murato et al., 2008; Yamaji et al., 2010; Ishiguro et al., 2010; Ishiguro and Amasaka, 2012a,b; Amasaka et al., 2012; Amasaka, 2015).

SITUATION AND PROBLEM OF JAPAN’S AUTO-SALES

The author shows five customer lifecycle stages (Prospect - First time buyer - Initial repeater - Core customer - Withdrawal) as they apply to auto sales (dealerships) as shown in Figure 1 (Okutomi, 2011; Okutomi and Amasaka, 2012, 2013).

Generally speaking, the Japanese auto industry has now maximized new vehicle sales—meaning that the market has fully matured when it comes to traditional auto sales methods.

Faced with a sluggish economy, car sales have been disappointing in recent years. Given this situation, it is critical that dealerships shift the focus of their sales and marketing activities from attracting new customers to keeping the customers they already have.

This move can be expected not only to reduce sales costs, but also contribute to healthy profits. A dealership’s best (core) customers took on that designation through a process of satisfactory purchases with that company.

They are familiar with the features of their dealership’s products and services, know how purchases are made, and know the best way to take advantage of how the dealership runs.

For this reason, marketing activities that target these core customers will help create a customer base that is superior to that of competitors working in the same industry. Core customers are an auto dealer’s most priceless asset.

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