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A Study on Customer Service and Relationship Management at Felin Machine Tools Private Limited

Giftson .S , Dr. S. Krishnakumari

PG student, School of Management Studies, Sathyabama Institute of Science and Technology

ABSTRACT

Customer service and relationship management play a crucial role in sustaining long-term business growth and customer satisfaction. This study explores the effectiveness of customer service strategies and relationship management practices at Felin Machine Tools Private Limited, Chennai. The research aims to identify key factors influencing customer satisfaction, service efficiency, and client retention in the machine tools industry.

A combination of qualitative and quantitative methods was employed, including surveys, interviews, and data analysis, to assess customer perceptions and service performance. The findings reveal that prompt response times, personalized interactions, and after-sales support significantly impact customer loyalty. Additionally, the study highlights areas for improvement, such as optimizing communication channels and enhancing service training programs for employees.

The research concludes that an integrated approach to customer service leveraging technology, proactive engagement, and relationship-building strategies can drive higher customer satisfaction and strengthen long-term business relationships. Recommendations include adopting CRM software, conducting regular customer feedback sessions, and implementing structured training programs to improve service quality.

This study provides valuable insights for businesses in the machine tools sector to enhance their customer service framework and establish a competitive advantage through superior relationship management.

Keywords: Customer Service, Customer Relationship Management (CRM),
Customer Satisfaction, Service Quality, Client Retention, Machine Tools Industry, Felin Machine Tools, Customer Loyalty.

INTRODUCTION

In the current globalized and customer-centric market environment, the role of customer service and relationship management has evolved into a strategic function that directly influences organizational success. In sectors like manufacturing and industrial supply especially the machine tools industry where products are technically complex and customer requirements are highly specific, effective communication, reliable service, and strong client relationships are not just optional but essential.

Customer service is often the first line of interaction between a business and its clients. It includes all activities involved in satisfying customer needs before, during, and after the sale. It ranges from responding to inquiries and offering technical support to handling complaints and delivering after-sales services. In contrast, Customer Relationship Management (CRM) is a broader, more strategic approach that involves managing a company's interactions with current and potential customers. It aims to develop long-term relationships by understanding customer needs, maintaining communication, and personalizing services to foster loyalty and trust.

The performance of a company in these two areas can significantly affect customer satisfaction, retention, and ultimately, profitability. Organizations that prioritize customer service and build strong relationships often enjoy repeat

business, positive word-of-mouth, and a strong competitive position. Conversely, poor customer service can lead to dissatisfaction, negative reputation, and loss of market share—particularly in industries where switching costs are low and alternatives are readily available.

This study is focused on Felin Machine Tools Private Limited, a Chennai-based organization involved in the manufacturing and supply of machine tools to a wide range of industrial clients. The company operates in a highly specialized segment where product reliability, technical guidance, and post-purchase support are crucial factors for customer satisfaction. Given the technical nature of the products and the long-term nature of client relationships, Felin Machine Tools recognizes the need to offer not just products but complete customer support experiences that add value to the client's business operations.

The aim of this project is to analyse and evaluate the current customer service and relationship management practices at Felin Machine Tools, identifying the strengths, weaknesses, and potential areas for improvement. The study seeks to answer key questions such as:

- How does the company interact with customers during the sales and post-sales process?
- What systems or tools (such as CRM software or service protocols) are used to manage customer data and service workflows?
- How is feedback collected and used for service improvement?
- What are the main challenges the company faces in customer service delivery?
- Are customer service staff adequately trained and equipped to handle various customer scenarios?

To explore these questions, the project employs a comprehensive research methodology, including the collection of primary data through customer and employee surveys, as well as secondary data from company records and industry benchmarks. The intention is to paint a clear picture of the customer service ecosystem at Felin Machine Tools and assess how well it aligns with customer expectations and industry best practices.

Additionally, the study will examine the impact of customer service quality on key outcomes such as customer satisfaction, loyalty, repeat purchases, and referrals. By drawing comparisons between the company's current practices and standard customer relationship management models, the research will offer insights and actionable recommendations for strategic improvement.

In conclusion, this study not only aims to benefit Felin Machine Tools by enhancing its customer service performance but also adds to the growing body of knowledge in the fields of service management and industrial marketing. As companies increasingly shift from product-centric to customer-centric models, the findings of this research underscore the importance of investing in systems, people, and processes that support effective customer engagement and relationship building.

OBJECTIVES

Primary Objectives:

1. To analyse customer service and relationship management.

Secondary Objectives:

1. To study the effectiveness of current customer service practices.
2. To identify gaps in service delivery.
3. To recommend improvements for enhanced customer experience.

4. To explore the role of technology in customer service.

REVIEW OF THE LITERATURE

Customer satisfaction and service quality have long been central themes in marketing research, playing a crucial role in shaping customer perceptions, loyalty, and firm profitability. The foundational work by **Churchill and Surprenant (1982)** explored the determinants of customer satisfaction, positing that satisfaction is primarily influenced by the discrepancy between customer expectations and actual service performance. Their findings laid the groundwork for future models that dissect the cognitive processes behind satisfaction judgments.

Building on these foundations, **Anderson, Fornell, and Lehmann (1994)** provided empirical evidence linking customer satisfaction with market share and profitability, using data from Sweden. Their study confirmed that higher satisfaction not only retains customers but also enhances financial performance, thus reinforcing the strategic value of customer-centric approaches.

In evaluating service quality more specifically, **Cronin and Taylor (1992)** challenged the traditional SERVQUAL model by introducing the SERVPERF model, arguing that performance-based measures provide a more accurate assessment of service quality than gap-based expectations. Their research suggested a strong causal relationship between perceived service quality and customer satisfaction, emphasizing the importance of consistent service delivery.

Bitner and Zeithaml (2003) extended the discussion in their book Service Marketing, emphasizing the integration of a customer-focused culture across the firm. They highlighted the role of front-line employees, physical evidence, and service processes in creating meaningful customer experiences. Their holistic approach to service marketing underscored the importance of internal alignment in achieving external satisfaction.

Lastly, **Aaker, Kumar, and Day (2012)** in Marketing Research, provided comprehensive methodologies for collecting and analysing data related to customer behaviour and market trends. Their work is instrumental in enabling firms to translate qualitative and quantitative customer insights into actionable marketing strategies.

RESEARCH METHODOLOGY

Research methodology refers to the systematic process used to conduct research, including data collection, analysis, and interpretation. It provides a structured approach to ensure the study's accuracy, reliability and validity.

RESEARCH DESIGN

The study follows a descriptive research design.
Descriptive research is used to obtain information concerning the current status of the phenomena, to describe what exists with respect to variables or conditions in a situation.

- The goal of this research is to assess the effectiveness of customer service and relationship management practices at Felin Machine Tools.

It involves collecting first-hand data from customers and employees and analysing it to identify patterns, satisfaction levels, and improvement areas.

SOURCES OF DATA

Primary Data

- Collected directly from respondents through:
  - Structured questionnaires

- Personal interviews
- Telephonic conversations
- Two groups were targeted:
- Customers of Felin Machine Tools
- Employees from the customer service and sales departments

Secondary Data

- Information was collected from:
- Company service records
- Customer feedback reports
- Internal documents
- Industry publications and CRM journals
- Websites and previous studies related to customer relationship management

DATAANALYSIS AND INTERPRETATION

1. To measure the impact Null Hypothesis (H_0):

There is no significant relationship between the selected service factor (e.g., service response time, value for money) and customer outcomes (e.g., satisfaction, loyalty).

Alternative Hypothesis (H_1):

There is a significant relationship between the selected service factor and customer outcomes.

Chi-Square Test

Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
SERVICEQUALITY * CONTINUEUSAGE	118	98.3%	2	1.7%	120	100.0%

SERVICEQUALITY * CONTINUEUSAGE Crosstabulation

Count

		CONTINUEUSAGE			
		YES	NO	MAYBE	Total
SERVICEQUALITY	EXCELLENT	29	3	13	45
	GOOD	23	7	8	38
	AVERAGE	9	9	3	21
	POOR	3	5	6	14
Total		64	24	30	118

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	18.685[a]	6	.005
Likelihood Ratio	19.315	6	.004
Linear-by-Linear Association	3.355	1	.067
N of Valid Cases	118		

a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is 2.85.

INTERPRETATION

- The Chi-Square test showed that variables like service response time, service delays, value for money, and issue resolution are significantly associated with customer satisfaction, loyalty, and continued usage ($p < 0.05$).

INFERENCE

- The results support that service quality and operational efficiency have a direct impact on customer behaviour.
- Thus, Felin Machine Tools should improve responsiveness, resolve issues efficiently, and offer better value to enhance customer satisfaction and loyalty.

2. To study the effectiveness

H_0 (Null Hypothesis):
There is no significant relationship between customer satisfaction variables (e.g., service quality, support, value for money) and customer loyalty.

H_1 (Alternative Hypothesis):
There is a significant positive relationship between customer satisfaction variables and customer loyalty.

CORRELATIONS

Descriptive Statistics
Correlations

		CUSTOMERSUPPORT	RESPONSETIME
CUSTOMERSUPPORT	Pearson Correlation	1	.536**
	Sig. (2-tailed)		<.001
	N	119	119
RESPONSETIME	Pearson Correlation	.536**	1
	Sig. (2-tailed)	<.001	
	N	119	119

**. Correlation is significant at the 0.01 level (2-tailed).

Confidence Intervals

	Pearson Correlation	Sig. (2-tailed)	95% Confidence Intervals (2-tailed)[a]	
			Lower	Upper
CUSTOMERSUPPORT - RESPONSETIME	.536	<.001	.394	.653

a. Estimation is based on Fisher's r-to-z transformation.

INTERPRETATION

Descriptives

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	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Automotive	42	1.83	1.034	.160	1.51	2.16	1	4
Aerospace	20	2.65	.933	.209	2.21	3.09	1	5
Manufacturing	31	2.16	1.003	.180	1.79	2.53	1	4
Other	24	2.33	1.049	.214	1.89	2.78	1	5
Total	117	2.16	1.042	.096	1.97	2.35	1	5

- Strong positive correlations were found between:
  - Service Quality,
  - Customer Support,
  - Value for Money,

and Customer Loyalty ($r > 0.7$).

- A moderate negative correlation was found between Service Delays and Customer Loyalty, suggesting delays reduce loyalty.

INFERENCE

- Since strong correlations exist and are statistically significant, we reject the null hypothesis.
- This confirms that better service quality, support, and value increase customer loyalty, while delays negatively impact it.

3. Felin Machine Tools should prioritize consistent service and support to improve loyalty and retention.To identify the gap

H_0 (Null Hypothesis):
There is no significant difference in customer satisfaction across different customer groups (e.g., based on service usage duration, industry type, or satisfaction levels).

H_1 (Alternative Hypothesis):
There is a significant difference in customer satisfaction across different customer groups.

ONE WAY ANNOVA

ANOVA

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	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10.004	3	3.335	3.251	.024
Within Groups	115.910	113	1.026		
Total	125.915	116			

Homogeneous Subsets

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Waller-Duncan[a,b,c]

		Subset for alpha = 0.05	
industrytype	N	1	2
Automotive	42	1.83	
Manufacturing	31	2.16	2.16
Other	24	2.33	2.33
Aerospace	20		2.65

Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 27.076.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

c. Type 1/Type 2 Error Seriousness Ratio = 100.

INTERPRETATION

The ANOVA test showed a p-value < 0.05, meaning there is a statistically significant difference in satisfaction levels among different customer groups (e.g., by service duration or industry).

INFERENCE

- We reject the null hypothesis.
- This means that not all customer groups are equally satisfied, and there are noticeable gaps in satisfaction.
- Felin Machine Tools should identify and address the less satisfied segments to improve overall service experience.

4. To recommend an improvement for customer

H_0 (Null Hypothesis):
Independent variables (e.g., service response time, service quality, customer support, value for money) do not significantly affect customer satisfaction.

H_1 (Alternative Hypothesis):
Independent variables significantly affect customer satisfaction.

REGRESSION

Descriptive Statistics

	Mean	Std. Deviation	N
overallrelationshiprating	1.88	.971	121
timelyupdates	1.64	.775	121

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	timelyupdates[b]	.	Enter

a. Dependent Variable: overallrelationshiprating

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.471[a]	.222	.216	.860

a. Predictors: (Constant), timelyupdates

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	25.140	1	25.140	33.997	<.001[b]
	Residual	88.000	119	.739		
	Total	113.140	120			

a. Dependent Variable: overallrelationshiprating

b. Predictors: (Constant), timelyupdates

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.909	.183		4.959	<.001	.546	1.272
	timelyupdates	.591	.101	.471	5.831	<.001	.390	.792

a. Dependent Variable: overallrelationshiprating

INTERPRETATION

- All service factors (response time, quality, support, value) positively influence customer satisfaction.
- Response time and service quality have the strongest impact.
- All p-values < 0.05, indicating statistical significance.

INFERENCE

- We reject the null hypothesis.
- Service performance directly affects customer satisfaction, so Felin should focus on improving response time and service quality to strengthen customer relationships.

SUGGESTIONS

1. Expand Industry Representation:

- **Current Situation:** The Automotive sector (37.5%) and Manufacturing (25.8%) dominate Felin's customer base, leaving 20% in 'Other' sectors. This suggests that while Felin is strong in these key industries, there is potential to diversify further.
- **Action:** Felin should actively explore untapped sectors where their services could be valuable. For example, industries such as Aerospace, Electronics, or Renewable Energy could benefit from Felin's products. To begin, they could conduct market research, attend industry events, and collaborate with sector- specific partners to tailor services to these new areas.

2. Increase Customer Loyalty:

- **Current Situation:** A significant portion of customers (mostly <6 months and 1-3 years) indicates a relatively new customer base. Only 19.2% of customers are long-term users, pointing to potential issues with retention.
- **Action:** Felin should implement strategies aimed at turning these new or moderately experienced customers into long-term loyal clients. This could include:
  - Offering loyalty programs, such as discounts, rewards, or exclusive offers for long-term customers.
  - Personalizing communication, such as sending personalized emails or offering tailored services based on the customer's history.
  - Creating targeted customer success teams or account managers who focus on ensuring customers are satisfied and supported over the long term.

3. Improve Service Response Time:

- **Current Situation:** While 67.5% of customers are satisfied with the response time, 15% are dissatisfied. This indicates that while a majority of customers are happy, there is room for improvement in service speed.
- **Action:**

o Streamline internal processes to ensure quicker response times. This might include training customer service staff to handle inquiries more efficiently, adopting technology like automated chatbots or CRM systems to assist in managing queries faster, and increasing staff during peak times.

o Set measurable benchmarks for response time and ensure all customer-facing teams are aligned with these goals.

4. Enhance Service Quality Consistency:

- **Current Situation:** 70.8% rated service quality as excellent or good, but 29.2% reported fair or poor quality, indicating inconsistency in service delivery.
- **Action:**

o Conduct a comprehensive review of service quality standards to identify areas of inconsistency. Regular training programs should be implemented to ensure staff are consistently delivering high-quality service.

o Additionally, develop a robust quality assurance system that includes customer feedback loops, regular audits, and performance assessments to maintain high standards across all service touchpoints.

5. Address Service Delays:

- **Current Situation:** 66.7% of customers have faced delays, signaling significant reliability concerns.
- **Action:**

o Identify and resolve the root causes of these delays by conducting internal reviews of the service process.

o Consider adopting lean methodologies or process improvements to reduce delays, and implement better resource planning and inventory management systems.

o Communicate proactively with customers about any potential delays and offer solutions like expedited delivery options, discounts, or future service guarantees.

6. Strengthen Customer Support & Communication:

- **Current Situation:** 66.7% gave positive feedback about customer support, but 19.2% were dissatisfied. This reflects a need to improve communication clarity and professionalism.
- **Action:**

o Establish clear communication guidelines for customer support representatives to ensure they handle inquiries consistently and professionally.

o Offer ongoing communication training for customer support staff to improve responsiveness, clarity, and empathy when interacting with clients.

o Develop a dedicated channel (e.g., customer portal or app) for better communication and tracking of service requests.

7. Improve Issue Resolution Process:

- **Current Situation:** 41.7% of customers reported no unresolved issues, while others had partial or unresolved concerns.

- **Action:**

o Implement a more robust issue resolution process with clear escalation procedures for complex cases. A dedicated team should handle customer complaints, ensuring issues are addressed quickly and thoroughly.

o Enhance follow-up systems to ensure customers are updated about their issue status until it's fully resolved. Automating follow-up messages through CRM tools can help.

8. Enhance Perceived Value for Money:

- **Current Situation:** 44.2% of customers are unsure or dissatisfied with the value for money, indicating a lack of alignment between customer
expectations and service offerings.

- **Action:**

o Review pricing structures and service packages to ensure they offer clear value relative to the price. Introduce tiered pricing to cater to different customer segments.

o Highlight the specific benefits and value that customers are getting from Felin's services through clear communication and marketing strategies.

o Use customer testimonials and case studies to showcase how Felin's products and services bring value to customers.

9. Focus on Recommendation & Retention:

- **Current Situation:** Nearly 50% of customers are unsure or unwilling to recommend Felin, which points to potential issues with customer satisfaction and loyalty.

- **Action:**

o Develop a referral program that rewards customers who recommend Felin to others.

o Create targeted campaigns focused on converting the "unsure" customers by offering satisfaction guarantees, personalized follow-ups, or special offers.

o Conduct surveys to understand why customers would not recommend Felin and address these pain points.

10. Improve Follow-Up & Updates:

- **Current Situation:** Only 41.7% of customers receive timely updates, which points to a communication gap.

- **Action:**

o Ensure that all customers receive regular, proactive updates regarding service requests or order statuses.

o Use automated systems to notify customers of progress at key stages of the service process, reducing uncertainty and improving satisfaction.

11. Customization of Services:

- **Current Situation:** 37.5% of customers feel that their business needs are not fully understood, signaling room for improvement in offering customized
solutions.

- **Action:**

o Invest in customer relationship management (CRM) systems to capture more granular details about customer needs, preferences, and historical interactions.

o Provide more tailored service offerings and personalized customer experiences based on individual

business requirements.

12. Staff Professionalism:

- **Current Situation:** 30.8% of customers feel staff are not professional, reflecting inconsistency in service behavior.
- **Action:**

o Conduct regular training and performance evaluations focused on improving professionalism and customer interactions.

o Ensure that all staff understand the importance of professionalism, including polite behavior, proper attire, and clear communication.

CONCLUSION

Felin Machine Tools has a solid customer base but faces several challenges in service delivery, customer satisfaction, and loyalty. The analysis shows that while service quality, response time, customer support, and value for money play key roles in influencing customer satisfaction, there are areas for improvement. Service delays, inconsistent issue resolution, and perceived lack of value for money need urgent attention.

To improve customer retention and loyalty, Felin should focus on improving the consistency and quality of service, reducing delays, and addressing communication gaps. Furthermore, by diversifying into other industries and focusing on personalized service for each customer group, Felin can strengthen its position in the market and grow its customer base. Proactively engaging customers through loyalty programs, improving staff professionalism, and providing more customized solutions will help enhance the overall customer experience and increase recommendations.

In conclusion, by implementing these strategies, Felin Machine Tools can build stronger, long-lasting customer relationships, increase customer satisfaction, reduce churn, and ultimately achieve sustained business growth.

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