

# [Passport program in the success of hero honda](https://assignbuster.com/passport-program-in-the-success-of-hero-honda/)

Hero Honda Motors Limited, based in Delhi, India is a joint venture between the Hero Group of India and Honda of Japan. Verification. It has been referred to as the world’s biggest manufacturer of 2-wheeled motorized vehicles since 2001, when it produced 1. 3 million motorbikes in a single year. During the fiscal year 2008-09, the company has sold 3. 28 million bikes and the net profit of the company stood at Rs. 1281. 7 crore, up 32% from the previous fiscal year.

The company’s most popular model is the Hero Honda’s Splendor, which is the world’s largest-selling motorcycle, selling more than one million units per year.

The company introduced new generation motorcycles that set industry benchmarks for fuel thrift and low emission. A legendary ‘ Fill it – Shut it – Forget it’ campaign captured the imagination of commuters across India, and Hero Honda sold millions of bikes purely on the commitment of increased mileage. Over 20 million Hero Honda two wheelers tread Indian roads today. These are almost as many as the number of people in Finland, Ireland and Sweden put together! Hero Honda has consistently grown at double digits since inception; and today, every second motorcycle sold in the country is a Hero Honda. Every 30 seconds, someone in India buys Hero Honda’s top -selling motorcycle – Splendor. This festive season, the company sold half a million two wheelers in a single month-a feat unparalleled in global automotive history. Hero Honda bikes currently roll out from its three globally benchmarked manufacturing facilities. Two of these are based at Dharuhera and Gurgaon in Haryana and the third state of the art manufacturing facility was inaugurated at Haridwar, Uttrakhand in April this year. These plants together are capable of producing out 4. 4 million units per year. Hero Honda’s extensive sales and service network now spans over 3000 customer touch points. These comprise a mix of dealerships, service and spare points, spare parts stockiest and authorized representatives of dealers located across different geographies. Hero Honda values its relationship with customers. Its unique CRM initiative – Hero Honda Passport Program, one of the largest programs of this kind in the world, has over 3 million members on its roster. The program has not only helped Hero Honda understand its customers and deliver value at different price points, but has also created a loyal community of brand ambassadors. Having reached an unassailable pole position in the Indian two wheeler market, Hero Honda is constantly working towards consolidating its position in the market place. The company believes that changing demographic profile of India, increasing urbanization and the empowerment of rural India will add millions of new families to the economic mainstream. This would provide the growth ballast that would sustain Hero Honda in the years to come. As Brijmohan Lall Munjal, the Chairman, Hero Honda Motors succinctly points out, “ We pioneered India’s motorcycle industry, and it’s our responsibility now to take the industry to the next level. We’ll do all it takes to reach there.”

## Company profile

“ Hero” is the brand name used by the Munjal brothers for their flagship company Hero Cycles Ltd. A joint venture between the Hero Group and Honda Motor Company was established in 1984 as the Hero Honda company, India.

During the 1980s, the company introduced motorcycles that were popular in India for their fuel economy and low cost. A popular advertising campaign based on the slogan ‘ Fill it – Shut it – Forget it’ that emphasized the motorcycle’s fuel efficiency helped the company grow at a double-digit pace since inception.

Hero Honda has three manufacturing facilities based at Dharuhera and Gurgaon in Haryana and at Hardware in Uttarakhand. These plants together are capable of churning out 3. 9 million bikes per year.[citation needed] Hero Honda’s has a large sales and service network with over 3, 000 dealerships and service points across India. Hero Honda’s customer loyalty program,[clarification needed] the Hero Honda Passport Program, claims to be one of the largest programs of its kind in the world with over 3 million members. The 2006 Forbes 200 Most Respected companies list has Hero Honda Motors ranked at 108.

## History

India became the second largest two wheeler manufacturer in the world and starting in the 1950s with the Automobile Products of India (API) that manufactured the Lambrettas and Bajaj Auto Ltd. with its association with Piaggio of Italy (manufacturer of Vespa scooters) as the largest manufacturers within the country citation needed.

The license raj that existed between the 1940s to 1980s in India did not allow foreign companies to enter the market and imports were tightly controlled. This regulatory maze, before the economic liberalization, made business easier for local players to have a seller’s market.[neutrality is disputed] Customers in India were forced to wait up to 12 years to buy a scooter from Bajaj. The CEO of Bajaj commented that he did not need a marketing department, only a dispatch department. By the year 1990, Bajaj had a waiting list that was twenty-six times its annual output for scooters.

The motorcycle segment had the same long wait times with three manufacturers: Royal Enfield, Ideal Jawa, and Escorts. Royal Enfield made a 350cc Bullet with the only four-stroke engine at that time and took the higher end of the market but there was little competition for their customers. Ideal Jawa and Escorts took the middle and lower end of the market respectively.

In the mid-1980s, the Indian government regulations changed and permitted foreign companies to enter the Indian market through minority joint ventures. The two-wheeler market changed with four Indo-Japanese joint ventures: Hero Honda, TVS SUZUKI , Bajaj Kawasaki and Kinetic Motor Company (Kinetic Honda). The entry of these foreign companies changed the Indian market dynamics from the supply side to the demand side. With a larger selection of two-wheelers on the Indian market, consumers started to gain influence over the products they bought and raised higher customer expectations. The industry produced more models, styling options, prices, and different fuel efficiencies. The foreign companies new technologies helped make the products more reliable and with better quality. Indian companies had to change to keep up with their global counterparts.

## List of models

Achiever

Ambition 133, Ambition 135

CBZ, CBZ Star, CBZ Xtreme

CD 100, CD 100 SS, CD Dawn, CD Deluxe, CD Deluxe (Self Start)

Hunk , Joy , Karizma, Karizma R, Karizma ZMR FI , Passion, Passion+, Passion Pro

Pleasure . Street , Splendor, Splendor+, Splendor+ (Limited Edition), Super Splendor, Splendor NXG

The joint venture between India’s Hero Group and Honda Motor Company, Japan has not only created the world’s single largest two wheeler company but also one of the most successful joint ventures worldwide. During the 80s, Hero Honda became the first company in India to prove that it was possible to drive a vehicle without polluting the roads.

## Hero Honda Passport programme.

The passport provides you with yet another opportunity to experience the company’s continued commitment to you, our valued customer. You will soon see that it opens the door to a host of special offerings that Hero Honda Motors Limited has in store for you.

How to use your Hero Honda Passport?

Each time we visit an authorised Hero Honda dealership or service center, make sure that we carry your Hero Honda passport with us.

We can accumulate points against purchase of spares, accessories and service at Hero Honda authorised dealerships / service centers.

The Hero Honda passport will serve as a record book for keeping an account of the points accumulate by you.

Each rupee you spend, at the dealership / service center, entitles you to one point.

We also earn bonus point when

you come for a free service

you visit the dealership ( at least thrice a year ), and make purchases worth Rs. 50 per visit.

We refer your relatives and friends to purchase a hero Honda motorcycle.

At the time of setting our bills, ensure that your Hero Honda passport is endorsed with the earned points.

The more we earn your points, the more benefits you receive.

## What are the benefits of owning a hero Honda passport ?

The accumulated points can be used to enjoy a host of special privileges and benefits from time to time.

The moment we receive you hero Honda passport, you are automatically covered for one year Accident Insurance RS 1 lakh.

We become entitled for special rewards and discounts, the moment you accumulate the specified points, at any of the authorised hero Honda dealerships / service centers.

We also receive invitations to exclusive local events, such as movie shows, musical nights and carnivals.

Periodic updates will be sent to you, from the hero Honda programmed center, with your point status. Special information and tips regarding your motorcycle, hero Honda Passport Program happenings and exclusive offers from other brands will also be sent to you along with the updates

## For how long is the Hero Honda Passport valid ?

Your hero Honda passport is valid for a period of 3 years from the date of issue. In case of its loss or theft, please contact your dealership or the following address for a replacement.

How to use passport

Always remember to carry your Hero Honda Passport with you when you visit a Hero Honda authorized dealership/service centre.

Every time you do a transaction at a Hero Honda showroom/workshop, the dealer would reward points into your Passport. You are eligible to accumulate points, against purchase of spares, accessories, service and by referring friends to purchase a Hero Honda motorcycle.

Do not forget to get your points endorsed on the Programme Points Sheet given in the Passport. Also ensure that these points are entered in duplicate in the Programme Centre copy by the dealer.

Every time a Programme Points Sheet gets completed, the dealer would remove the copy from your Passport and send it to Hero Honda. These would increase your chances for event invitation and special offers.

Do collect your rewards as soon as you reach the specified milestones. (For more information see the Reward Chart on last page).

Please note that points do not become zero after a gift collection in the Passport Programme and you can keep collecting gifts as you reach a particular milestone.

Every time you get your bike serviced, get the Free/Regular Service Record Sheet (as given in Section 2 of the Passport) stamped by the dealer.

The Service Record Sheet would help you get a ‘ Bike Service Certificate’, which can be very useful at the time of your bike resale.

The Hero Honda Passport Programme is open only to Hero Honda motorcycle owners/customers who are resident Indian nationals. It is not open to non-resident Indians, employees of Hero Honda Motors Limited, and its advertising agencies (Result: McCann and its respective subsidiary companies). The Hero Honda Passport will be issued in the name of an individual only, and not in the name of a company, corporate body or association of persons.

The Hero Honda Passport will be issued only to individuals who are 18 years of age, or older.

There is a non-refundable registration fee for the programme. two passport-sized photographs must be attached to the application form. the Hero Honda passport is non-transferable. in case, an applicant is the second or subsequent user of the Hero Honda motorcycle, he/ she is required to submit a copy of the registration booklet, duly transferred, along with the Hero Honda Passport Application form. If any Hero Honda Passport holder loses his/her Hero Honda Passport, a new copy of the same will be issued to the member, on payment of the requisite fee

The Hero Honda Passport is valid only for three years from the date of issue. It will take minimum of 4 weeks, from the date of enrolling for the Hero Honda Passport Programme, to deliver the Hero Honda Passport.

On becoming a Hero Honda Passport Programme member, the applicant authorises all the organisations, with which Hero Honda Motors Limited may finalise arrangements (including Hero Honda Motors Limited), to use data submitted by him/her for marketing and communication purposes, to enhance performance of the Hero Honda Passport Programme.

n case of any disputes of differences in connection with the Hero Honda Passport Programme, the same shall be decided by arbitration. The arbitrator shall be the Managing Director, Hero Honda Motors Limited, or any person nominated by him. The arbitration shall be conducted as per the prevailing arbitration laws rules in New Delhi. Hero Honda Motors Limited shall not, in any way, be liable, or be under any obligation to the participant, if the Hero Honda Passport Programme is withdrawn or modified due to statutory enactment’s, and judicial/ quasi judicial orders.

All these amazing rewards and benefits come to you as you earn points in the Hero Honda Passport Programme. Once you become a member, you will earn points for a host of regular transactions that you conduct even now at your local Hero Honda authorized Dealership or Service Center. These include:

So all you have to do to earn points &rewards is just keep maintaining your Hero Honda motorcycle, buy genuine Hero Honda Spare Parts and accessories and we’ll give you one point for every rupee you spend!

Star Club and Treasured Rewards

This unique club has been introduced for those members who get their bikes serviced regularly from authorized Hero Honda Service Centers. The Star Club membership not only identifies the member as special for the HHPP family, but also brings in some added benefits like: 30% discount on labour – 7. 5% discount on spares, till the validity of the Passport Introducing Treasured RewardGood news for all Passport Programme members who have crossed the 1 lakh point mark in the Hero Honda Passport Programme. A new rewards structure has been introduced for all such members – The HHPP Treasured Rewards.

The HHPP Treasured Rewards will be available at 8 prescribed milestones beginning from 1. 25 lakh points and ending at 3 lakh points, with each milestone at a gap of 25, 000 points. In other words, the new milestones are placed at 1. 25 lakhs, 1. 5 lakhs and so on till 3 lakhs Each time a member reaches a milestone a Motorcycle Privilege Voucher of Rs. 1250/- will be given to him. This voucher may be used to avail a discount on the purchase of a new Hero Honda motorcycle. This voucher is transferable and can be given to friends or relatives who may be planning to buy a new Hero Honda motorcycle Under the new Rewards Programme, the mode of recording points will change. The points will now be recorded in 2 books – one would be the old Passport with Additional Treasured Rewards sheets for entering points earned through service, spares and accessories and the other would be a Referral Book which will be used for entering referral points. The Referral Book will begin from 1 lakh points. On crossing 1 lakh points the members need to retain a photocopy of their old Passport with them and send the passport to the HHPP Programme Centre immediately. On receipt, the old Passport with Additional treasured rewards sheets and the new Referral Book will be sent across to the members enabling them to start redeeming rewards beyond 1 lakh points.

## conclusion

Hero Honda, the ‘ World No. 1’ two-wheeler company, today announced that it has recently achieved a landmark member base of more than 2 million customers for its “ Passport Programme”. Extending across 1000 authorized Hero Honda dealerships and SSPs, the program has now become India ‘ s largest Customer Relationship Management (CRM) Program. The unprecedented success of the CRM program is a testimony of the faith that the customers repose in the company and its products. It was born out of a need to maximize commitment and strengthen the emotional value that binds our diverse set of customers to the “ Hero Honda” brand. With its apt tagline “ Rishta Dil Ka”, the Passport Programme is a strong platform for the company to build long-term relationships with its customers, beyond the point of sale, and communicate its brand image of ‘ trust’ and ‘ reliability’. The Hero Honda Passport Programme membership is a unique initiative open to the owners of Hero Honda motorcycles. The program offers many tangible and intangible benefits to both the customers as well as to the dealers. Members earn points for incurring expenditure at the Hero Honda dealership/workshop, which can later be redeemed against benefits. On the occasion of the commemoration of the 2 million-passport program milestone, Mr. Pawan Munjal, Managing Director, Hero Honda Motors Ltd. said, “ At Hero Honda our endeavor is to offer the best in product quality to our customers resulting in highest levels of customer satisfaction. The Passport programme not only builds enduring relationships with our customers but also offer them some ‘ extra value’, beyond just the tangible benefits of our products. This milestone only reaffirms our customers’ faith in us, which has been pivotal in the company’s growth”. The Hero Honda Passport programme was rolled out nationally in the year 2001, after a successful pilot in four states in the year 2000. A unique feature of the programme is its reward model, according to which every rupee spent by the member translates into a reward point. These reward points can then be redeemed for exciting gifts. One of the most significant benefits of this program is a free personal accident policy worth Rs. 1 lakh. Insurance claim of over Rs. 6 crore has already been disbursed to dependent families, exemplifying Hero Honda’s concern not just for the safety of its customers, but also their family members. With the help of this program, the company has already received over 900, 000 referrals thus also giving a fillip to sales through favourable word of mouth.

## Review of literature

With a member base of more than 20 lakh customers extending across 1000 authorized dealers and SSP’s, Hero Honda Passport Program is today the country’s largest Customer Retention Management (CRM) program. Under the apt tagline “ Rishta Dil Ka”, the program has become a strong platform for us to build long-term relationship with our customers beyond the point of sale, and take forward our brand image of ‘ trust’ and ‘ reliability’. It was born out of a need to maximize commitment and strengthen the emotional value that binds our diverse set of customers to the “ Hero Honda” brand. The program represents a fundamental change in looking at the customer as a long-term asset rather than a mere target for sales transaction.

Marketing program designed to enhance brand loyalty by cultivating an ongoing relationship between a marketer and his customer. Successful loyalty programs encourage the consumer to buy frequently, to increase the amount spent each time, and to concentrate all or most of their related purchases on that brand. Most loyalty programs offer perks for membership in a club or program and reward purchases. Rewards may be based on the dollar value of purchases made or on the frequency of purchases. The most well-known loyalty programs are airline frequent-flyer programs that offer discounts against future travel called award miles. Most large supermarket chains now have frequent-buyer clubs that offer no-coupon discounts as well as newsletters and affiliate discounts. Loyalty program tactics also include regular communication with customers such as reminder mailings, private credit cards, cross-sell and up-sell offers, satisfaction and opinion surveys, and collection of information for member databases. See also frequency discount.