

# UOB-SMU Entrepreneurship Alliance Centre



## Revvng into the Future – Keng Soon Auto Pte Ltd

Keng Soon Group was founded in 1959 as a pioneer in motor vehicle, hire purchase and motor insurance in Singapore and Malaysia. Over the years, Keng Soon Auto Pte Ltd has established itself as one of the top 10 in Singapore's car rental service industry – a position it continues to hold with its strong customer base and reputation.

A local SME, Keng Soon Auto's clientele comprises both the corporate and retail sectors. Meeting their needs is a fleet of over 300 vehicles, featuring one of the newest fleets in the market. The vehicles are well-maintained and constantly upgraded, living up to the company's commitment to provide problem-free vehicles. Customers also have a choice of wide-ranging makes and models to suit their individual budget and lifestyle preferences.

To distinguish itself in a competitive auto industry, one of the company's value-adding principles is to enhance the customers' motoring experience while fulfilling their diverse needs. In this respect, Keng Soon Auto's specially-trained Customer Service Officers strive to exceed expectations by providing seamless, superior service from first contact at the point of consultation to the end of the rental contract, and beyond.

Satisfied customers underlie the company's solid performance. Satisfied customers are also the best endorsement of the company's top-notch offerings as they contribute to the bottom line, and help promote the Keng Soon brand name among their peers and contacts.

## Little space to manoeuvre

The car rental market is a saturated and fiercely competitive one consisting of about 140 listed car rental companies and countless unlisted (illegal) ones. Just as in other service industries, this competition has seen price slashing to get ahead, resulting in rock-bottom margins. Add to the mix the daunting overheads such as keeping the fleet young and maintaining the vehicles in tip-top condition; operational costs including marketing and promotions, and the perennial problem of attracting, training and retaining the right manpower, car rental companies need to have the right strategies in order to enlarge their customer base and boost their earnings.

A basic tenet of marketing is to know the people you are selling to. This knowledge enables the company to customise the offerings to best fulfil the customers' requirements, thus paving the way for a deeper relationship. Happy customers are known to be loyal customers. They value good service and *are willing to pay a premium* for it. Hotels and airlines, for example, have been doing this very successfully for years. Their corporate rates may not be the lowest available, but they add value in areas which are important to the customers. These include complimentary upgrades, reserving a favourite room or seat, or ensuring the correct dietary selections during meal times. In the case of airlines, this could also mean putting passengers on the "best" flights for seamless connections or providing access to airline lounges during transit. For hotels, it could range from always being addressed by name to adorning the room with the guest's favourite welcome drink or fruit basket, flowers and bathroom amenities, thus personalising the experience by establishing an emotional connection.

## Picking up speed

Emotional connections are effective in attracting and keeping customers, and companies across industries are forging relations through VIP cards and member privileges, loyalty programmes, exclusive rewards and the like. Such initiatives have spilled over from the physical to online and digital platforms, with every sign of picking up its already frenzied pace.

## **UOB-SMU Entrepreneurship Alliance Centre**

As a younger generation of people joins the workforce, it forms an increasingly significant customer base for marketers. Companies need to ramp up their strategies, especially in the online and digital spheres, to cater to a potentially huge clientele which is weaned on a diet of technology and instant gratification, with the accompanying higher expectations of what constitutes good service.

Active engagement and dynamic interaction are the new norms, and forward-looking companies have jumped on the bandwagon with mobile applications, enhanced online presence via social media like Facebook and Twitter, and corporate websites that go beyond presenting the bare-bones facts to showing updated or real-time competitive analyses, industry trends, useful resources and secure, user-friendly payment gateways for online transactions to take place. Alliances with discount sites, credit card companies, banks, insurers and other industry as well as non-industry partners to extend privileges to the loyalty card holders are fairly widespread, and Keng Soon Auto can do the same to expand its clientele.

As service can be honed to become a key differentiator among competitors, companies may want to invest in a robust infrastructure, such as setting up stringent standard operating procedures, to offer consistently high standards of service delivery from every department and division.

Keng Soon Auto currently caters to a niche market of corporate customers. As Singapore continues in its push to be the global-Asia hub for different industries, Keng Soon Auto's niche client base shows excellent potential for growth; the company can expect it to remain the mainstay of its business. Rising COE prices may make car ownership a dream for some people, so renting a car could be a viable albeit temporary alternative to owning one. This aspiration will help fuel the demand for rental cars.

Although the car rental industry faces many challenges, companies in the business need not bow out of the competition. After all, with the right car and a skilful driver, it is possible to make a multi-point manoeuvre out of a tiny space. With the right product and service offerings, and the right strategies, Keng Soon Auto, too, can drive expansion.

### **Powering ahead**

"SMU students never cease to amaze the management team with their in-depth analysis and outstanding presentation skills," said Donovan Tan, Business Development Manager, Keng Soon Auto. "In the eyes of the directors, they have shown their competence to comprehend difficult industry concepts within weeks, and produced concrete solutions to further develop the Keng Soon Auto brand name."

A former student-consultant himself, Mr Tan had full confidence in the "affordable practical working solutions" and "proficiency" the students would bring to the table when he decided on the SME Consulting Programme managed by UOB-SMU Entrepreneurship Alliance (USEA). Keng Soon Auto wanted an analysis of its marketing strategies with a view to expand its client base and enhance its sales and marketing processes.

During the consultation period, the company was already looking at ways to approach the brand name and marketing efforts. The insights provided by the student-consultants convinced them that they needed "a deeper, more rigorous marketing-cum-branding exercise to develop the solution" than they had initially thought, said Mr Tan. The methodological approach used in the USEA programme provided the unbiased data that "allowed us to identify some of the weaknesses in our product range" and set the company thinking about "designing the right products for the right price range".

The student-consultants appreciated the opportunity to work closely with the client's top management team as it enabled them to work on "issues and problems on both the macro and micro levels," said a team member. "As such, our project was not just a compilation of armchair strategies; we were actually working on solutions to remedy specific problems faced by the company."

## **UOB-SMU Entrepreneurship Alliance Centre**

Project Adviser Chua Swee Kiat was the glue that bonded the student-consultants together at the start as they come from different SMU faculties. As a facilitator and supervisor, he used his industry experience to guide the group and its approach to seeking the right solutions. “He gave us the optimal balance of guidance and autonomy and we enjoyed working with him,” said the team. The compliment was returned as Mr Chua commended the team on its “motivation and enthusiasm to get on with the job, and to do it well”.

**Project Adviser: Mr Chua Swee Kiat**

**Student Consultants:** **Cheong Yixue**  
Bachelor of Accountancy  
**Shue Zhen Yao**  
Bachelor of Accountancy  
**Sim Kah Seng**  
Bachelor of Business Management  
**Teo Ming Chuan, Jeremy**  
Bachelor of Business Management