A Comparative Study of Factors Influencing Customer Loyalty on After-Sales Service among Different Car Segments in Thanjavur Region, Tamilnadu

Subramani Krishnamurthi,
Assistant Professor, Bannari Amman Institute of Technology, Sathy
Email: subramani@bitstahy.ac.in

&
Franklin John Selvaraj,
Principal, Nehru College of Management, Coimbatore
Email: franklinjoh@gmail.com

ABSTRACT

The purpose of this paper is to analyze the service factors influencing customer satisfaction and loyalty in Economy, Premium and Super Premium car segments with reference to after sales service of cars. The conceptual framework describes about the influence of SERVQUAL (Reliability, Assurance, Tangibility, Empathy and Responsiveness) to customer satisfaction and customer loyalty in different car segments. The respondents were from Thanjavur city, Tamilnadu. The sampling method used for data collection was convenient sampling. There were 204 respondents. The data were interpreted using statistical tools like Chi-square, ANOVA and Linear Regression. The researcher has concluded that Tangibility and Empathy have a significant impact on customer satisfaction. Also, Empathy alone has a significant impact on customer loyalty.

Keywords: Reliability, Assurance, Responsiveness, Tangibles, Empathy, Customer satisfaction, Customer Loyalty

I. INTRODUCTION

A sale is the first step to increasing your sales, not the last. Providing good after-sales service shows your customers you want to build a long-term relationship with them, earn their loyalty and keep their business. Many successful businesses use after-sales service strategies to consolidate sales, build customer relationships and grow their profits. Providing after-sales service keeps your customers coming back to you and encourages them to refer your business to others. After-sales service includes what you do at the point of sale, including your customer service and selling techniques. It also includes how you follow up after the customer has left, such as providing follow-up contact and effectively dealing with complaints.

After sales service refers to various processes which make sure customers are satisfied with the products and services of the organization. The needs and demands of the customers must be fulfilled for them to spread a positive word of mouth. In the current scenario, positive word of mouth plays an important role in promoting brands and products. After sales service makes sure products and services meet or surpass the expectations of the customers. After sales service is a crucial aspect of sales management and must not be ignored.

Importance of After-Sales Service

• After sales service plays an important role in customer satisfaction and customer retention. It generates loyal customers.
• Customers start believing in the brand and get associated with the organization for a longer duration. They speak well about the organization and its products.
• A satisfied and happy customer brings more individuals and eventually more revenues for the organization.
• After sales service plays a pivotal role in strengthening the bond between the organization and customers
Car Segments
The car segments has been done based on pricing Economy as below 5laks (INR), Premium as between 5lakhs(INR) and 15 lakhs (INR) and Super Premium as above 15 lakhs

II. BACKGROUND OF THE STUDY
In this market competition demand corporations to continuously seek means to gain customer loyalty. However, although corporations are realizing the value of keeping customers loyal, no one knows for sure how to do it. Corporations measure customer satisfaction, and hope that if the satisfaction, and hope that if the satisfaction scores are good, the customer. Moreover, due to the fact that customer expectations are constantly increasing, corporations are now required to go beyond their primary need of satisfying the customers, to exceed their expectations. Corporations therefore have to shift their customer focus from purely satisfying customers to create loyalty and trust through mutually beneficial, long-term relationships. Measure customer satisfaction, and hope that if the satisfaction scores are good, the customers will stay with the firm. But the truth is that even satisfied customers leave for the temptation of competitor’s offers. Loyal customers bring several advantages.

III. REVIEW OF LITERATURE
Service after the sale (also referred to as after-sales service, post purchase service, post sale service, post scale product support, after-sales product service, after-sales support, and follow-up support) can be defined as service activities (a) that are performed after the sale of a core product/service (Armistead and Clark 1992; Lele and Karmarkar 1983; Withey 1988), that directly support that product/service (Armistead and Clark 1992; Cohen and Lee 1990), and that have the primary purpose of satisfying the customer (Frambach, Wels-Lips, and Gundlach 1997; Lele 1987; Lele and Karmarkar 1983; Samli, Jacobs, and Wills 1992). After-sales service performance may occur before (e.g., installation), during (e.g., customer help and advice), or after (e.g., repair service) actual product/service usage.

In addition to repair and warranty service (Armistead and Clark 1992), after sales service tasks include parts availability and distribution support (Cohen and Lee 1990; Halstead et al. 1993), installation, customer help and advice (e.g., toll free/800 telephone numbers or on-line help), user education and training, dealer management, remote sensing and diagnosis, remote fixing (Armistead and Clark 1992), preventive maintenance (i.e., maintenance activities that occur after a particular piece of equipment has been in service a required length of time), predictive maintenance (i.e., the maintaining of plant equipment just before it breaks down or starts to perform poorly; Armistead and Clark 1992; Zink 1997), upgrading/design improvements (Armistead and Clark 1991; Cohen and Lee 1990), return privileges (Halstead et al. 1993), equipment on loan to replace a defective product during repair (Lele and Karmarkar 1983), problem resolution/complaint management, follow-up contact to determine if a problem has been resolved (Halstead et al. 1993), status updates (Band 1988), and vendor support in terms of developing new and creative uses for a product (Band 1988; Withey 1988).

The activities constituting after-sales service can be partitioned into the following categories; (a) start-up or core product/service usage; (b) core product/service recovery; (c) problem prevention; (d) enhancement; and (e) follow-up. It should be noted that activities (b) and (c) may not be strategically separable at the management level.

Service Quality
Service quality has been defined as the degree and direction between customer service expectations and perceptions (Newman, 2001). Perceived service quality is defined as the evaluation of the service across the episodes when compared to some explicit or implicit standard (Storbacka et al., 1994). Further, it can be seen as how well a service satisfies the expectations of customers (Bouman and van der Wiele, 1992).
The importance of service quality is seen in the effect that it has on the organisation as a whole. It is seen in the following ways:

- Service quality has an effect on customer satisfaction (Arasli et al., 2005; Zeithaml and Bitner, 2003; Kandampully, 1998). Using the confirmation model, satisfaction will be experienced by the customer, should the perceptions (of the actual experience) exceed the expectations of customers.
- Service quality has an effect on customer loyalty (Heskett, 2002; Kandampully, 1998). Loyalty is experienced by the organisation when the perceived service quality experienced by the customers exceeds that which is offered by the competitors. The delivering of service quality to customers is required in the long term if the organisation is to experience the benefits of customer loyalty (Kandampully, 1998).
- Service quality creates competitive advantage for organisations and is associated with successful organisations (Kandampully, 1998). It has been said that many organisations sell a similar product of similar quality, and that the differentiator between them is the service quality that is offered to the customer (Arasli et al., 2005).
- Service quality affects relationships and relationship marketing, as customers are willing to build relationships with organisations that provide service quality (Zeithaml and Bitner, 2003).
- Service quality has an effect on profitability and costs (Buttle, 1996). As service quality impacts on customer satisfaction, this also impacts on customer retention, reduction of costs and increased profitability (Zeithaml et al., 2006).

IV. CONCEPTUAL FRAME WORK

V. RESEARCH METHODOLOGY

<table>
<thead>
<tr>
<th>Research Type</th>
<th>Quantitative research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research design</td>
<td>Descriptive cross sectional research</td>
</tr>
<tr>
<td>Data Type</td>
<td>Primary Data</td>
</tr>
<tr>
<td>Secondary source</td>
<td>Reference material, books &amp; e-books, website.</td>
</tr>
<tr>
<td>Data collection method</td>
<td>Survey method, personal visit</td>
</tr>
<tr>
<td>Sampling method</td>
<td>Convenient Sampling</td>
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<tr>
<td>Sampling location</td>
<td>Thanjavur</td>
</tr>
<tr>
<td>Data collection Instrument</td>
<td>Structured questionnaire</td>
</tr>
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RESEARCH OBJECTIVES

- To identify the factors influencing the customer loyalty on after sales service among various car segments in Thanjavur.
- To compare different segments of cars towards customer loyalty.
- To identify different factors influencing service quality.
- To explore the influence of demographic variables among different car segments with respect to customer loyalty.
- To provide the suggestions for improvement in service quality in after sale service.

VI. ANALYSIS

Hypothesis for Testing

H0 : There is no relationship between Age and Customer Satisfaction
H1 : There is relationship between Age and Customer Satisfaction

H0 : There is no relationship between Age and Customer Loyalty
H1 : There is relationship between Age and Customer Loyalty

H0 : There is no relationship between Car Segment and Customer Satisfaction
H1 : There is relationship between Car Segment and Customer Satisfaction

H0 : There is no relationship between Car Segment and Customer Loyalty
H1 : There is relationship between Car Segment and Customer Loyalty

Reliability Test

<table>
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<tr>
<th>Variables</th>
<th>Cronbach's Alpha</th>
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<tr>
<td>Reliability</td>
<td>.764</td>
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<tr>
<td>Responsiveness</td>
<td>.730</td>
</tr>
<tr>
<td>Assurance</td>
<td>.686</td>
</tr>
<tr>
<td>Tangibility</td>
<td>.773</td>
</tr>
<tr>
<td>Empathy</td>
<td>.899</td>
</tr>
</tbody>
</table>

ANOVA

Relationship between Car Segment and Customer Satisfaction
Interpretation

There is no significance difference between different car segments and customer satisfaction. Car segments do not make any difference in satisfaction level. The service providers are not discriminating any service based on car segments.
LINEAR REGRESSION
Dependent Variable: Customer Satisfaction
Independent Variable: Reliability, Assurance, Tangibility, Responsiveness, Empathy

Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>.581*</td>
<td>.338</td>
<td>.321</td>
<td>.463</td>
</tr>
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a. Predictors: (Constant), eavg, ravg, aavg, reavg, tavg

ANOVA*

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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<tbody>
<tr>
<td>Regression</td>
<td>23.561</td>
<td>5</td>
<td>4.712</td>
<td>20.202</td>
<td>.000*</td>
</tr>
<tr>
<td>1</td>
<td>46.185</td>
<td>198</td>
<td>.233</td>
<td></td>
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<tr>
<td>Total</td>
<td>69.745</td>
<td>203</td>
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</table>

a. Dependent Variable: csavg

b. Predictors: (Constant), eavg, ravg, aavg, reavg, tavg

Coefficients*

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
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<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.629</td>
<td>.224</td>
<td>2.803</td>
<td>.006</td>
</tr>
<tr>
<td>ravg</td>
<td>.098</td>
<td>.096</td>
<td>.072</td>
<td>1.015</td>
</tr>
<tr>
<td>reavg</td>
<td>.067</td>
<td>.078</td>
<td>.059</td>
<td>.862</td>
</tr>
<tr>
<td>aavg</td>
<td>-.049</td>
<td>.067</td>
<td>-.048</td>
<td>-.736</td>
</tr>
<tr>
<td>tavg</td>
<td>.216</td>
<td>.092</td>
<td>.176</td>
<td>2.363</td>
</tr>
<tr>
<td>eavg</td>
<td>.389</td>
<td>.063</td>
<td>.441</td>
<td>6.171</td>
</tr>
</tbody>
</table>

a. Dependent Variable: csavg

Interpretation

From the model summary table, the variables influence the customer satisfaction about 33.8%. Also it is stated that Tangibility and Empathy has a significant impact towards Customer Satisfaction.

VII. FINDINGS

➢ 97.1% of respondents were male and 2.9% of them were female
➢ Among 204 respondents 7.8% were single and 92.2% were married
The respondents belong to age group of 40 years to 50 years (35.8%) and above 50 years (38.2%) were high compared to other age groups.

The respondents using premium segment models were high about 68.8% when compared to economy and super premium.

Maximum respondents prefers diesel type (60%) cars than petrol type.

There is no relationship between Age and Customer Satisfaction.

There is a relationship between Age and Customer Loyalty.

There is no relationship between Car Segment and Customer Satisfaction.

There is no relationship between Car Segment and Customer Loyalty.

Tangibility and Empathy has a significant impact towards Customer Satisfaction.

Empathy alone has a significant impact towards Customer Loyalty.

VIII. SUGGESTIONS

To gain Customer Satisfaction the service provider can concentrate even more in factors like Reliability, Responsiveness and Assurance.

To gain Customer Loyalty the service provider can concentrate even more in factors like Reliability, Responsiveness, Tangibility and Assurance.

Service provider should keep in mind that to achieve high customer loyalty they have to improvise the customer satisfaction level.

IX. CONCLUSIONS

The main aim of this research was to measure current service quality level of an automobile dealership in Thanjavur city. The research was focused on Customer Satisfaction. And the outcome variable is Customer Loyalty. Here the dimensions of SERVQUAL were considered and influence of each dimension towards customer satisfaction was measured. Demographic variables like age and car segment were taken in account to with respect to customer satisfaction and customer loyalty to understand the significance between them. As the dimensions of service quality were found that it influences the outcome variable at the rate of 40.5% so that each and every service provider should concentrate more in improving the service quality dimensions and especially according to the results the service provider should concentrate on empathy and tangibles.

REFERENCES