PRODUCT QUALITY, PRICE AND BRAND IMAGE ON CUSTOMER LOYALTY

Management

Subramani Krishnamurthi	Assistant Professor, School of Management Studies, Bannari Amman Institute of Technology, Sathyamangalam, Tamil Nadu, India
Franklin John Selvaraj	Principal, Nehru College of Management, Coimbatore, Tamil Nadu, India

ABSTRACT The purpose of this paper is to analyze the 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 Product Quality, Price and Brand Image to customer satisfaction and customer loyalty in different car segments. The respondents were from Trichy city, Tamilnadu. The sampling method used for data collection was convenient sampling. 300 respondents were questioned through structured questionnaire. The data were interpreted using tools like Descriptive and ANOVA. The researcher has concluded that product quality, price and brand image are having significance relationship with customer loyalty. The best service could be used as uniqueness in building brand image of service provider.

1. INTRODUCTION

Automotive industry in India is one of the larger markets in the world and had previously been one of the fastest growing segments. India's passenger car and commercial vehicle manufacturing industry is sixth largest in the world with an annual production in more than 39 million units

We live in the society where demands on business are so much greater than ever before that too can't ever continue to exist without satisfied customer. Customer satisfaction is most important aspects of customer loyalty beside the other variable in automobile sector. Developments in Industry: Technological & Economical developments within automotive parts industry strongly influencing companies in service sector.

Trends of globalization of the world economy are opening up many new opportunities for the companies. The majority of large and medium sized companies regularly measure customer satisfaction. This also applies to the personal vehicle servicing companies. The measurement of customer satisfaction in this industry is usually prescribed by the car manufacturers. Accordingly to the car after-sales sector, long after customer has taken delivery of the car, represents a mean of continuous contact between the car manufacturers and the customers, which is important for achieving greater car brand loyalty among customers.

For the purpose of this paper I have defined after sales services according as "all activities geared towards maintaining the quality and reliability of the car carried out after the customer had taken delivery with goal of ensuring customer satisfaction which can lead to customer loyalty in retention of after sales services. Since the research works focuses only on the term "after sales service among car segment in Trichy region"

In comparison of similar industries it's considered that higher customer satisfaction leads to customer loyalty at least in a long run.

2. 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. They usually lead to increased revenues for the corporation, result in predictable sales and profit streams, and are more likely to purchase additional goods and services.

Furthermore, customers who are familiar with a brand are more likely to mention it to their friends and tend to be concerned in the feedback and evaluation of the product, which is critical in today's business environment. Loyal customers also tend to buy through alternative channels, for instance through the Internet, which might increase the total consumption and reduce the costs of doing business with them.

These concepts are concerned with customer loyalty because of the benefits of retaining customers as well as the activities it involves, which aim at developing long-term relationships. The link between customer loyalty and profitability has become increasingly recognized in marketing strategy, and the increasing interest in customer loyalty programs is a result of the recognition that generating more business from existing customers usually are cheaper and more effective than just trying to attract new ones.

3. OBJECTIVE

3.1 Primary Objective

To study the factor influencing customer loyalty on after sales services among selected car segment in Trichy region.

3.2 Secondary Objectives

- To study the factors affecting influencing customer loyalty on after sales service among selected car segments.
- To study the relationship between the factors influencing the customer loyalty
- To study the satisfaction level of the customers on after sales service in automobile sectors
- To find the demographic influence on the customer loyalty on after sales service
- To offer suggestion to improve the service of car in the Trichy area

4. 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 that are performed *after the sale* of a core product/service (M.K.Rampal, S.L.Gupta[1]., 2008), that *directly* support that product/service (Christopher Lovelock., Jochan Wirtz, Jayanta Chatterjee, Fifth Edition 2008[2]), and that have the primary purpose of satisfying the customer (Adele Berndt,2009[3]).

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(Hollis Landrum., Victor Prybutok., Xiaoni Zhang., Daniel Peak,2009[4]).

In addition to repair and warranty service (Jimei Li, Tieying Song,2012[6]), after sales service tasks include parts availability and distribution support (Zanudin b .Hj. Awang., Mohd Azuhari b. Che Mat., Meer Farouk Amir Razli[7]), 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 (Kolanovic., J. Skenderovic., Z. Zenzerovic,2009[8]), preventive maintenance (i.e., maintenance activities that occur after a particular piece o f equipment has been in service a required length o f time), predictive maintenance (i.e., the maintaining of plant equipment just before it breaks down o r starts to perform poorly; Yap Sheau Fen., KewMeilian., Kdu College[9]), upgrading/design improvements (Behnam Nakhai., Joao S. Neves 1990[10]), return privileges (Heitor Luiz Murat de Meirelles Quintella., Orlando Whately Bandeira[11]), equipment on loan to replace a defective product during repair (Parasuraman, A., Zeithaml, V. A., & Berry, L. L. 1988,[12]), 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; W ithey 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.

5. CONCEPTUAL FRAMEWORK
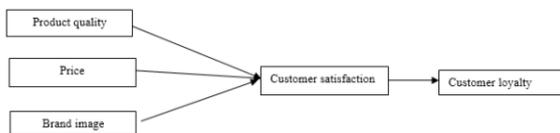
6. RESEARCH METHODOLOGY

Research Type	Quantitative research
Research design	Descriptive cross sectional research
Data Type	Primary Data
Secondary source	Reference material, books &e-books, website.
Data collection method	Survey method, personal visit
Sampling method	Convenient Sampling
Sampling location	Trichy, Tamilnadu, India
Data collection Instrument	Structured questionnaire

7. ANALYSIS

Table -1: ANOVA Test

		Sum of Squares	Df	Mean Square	F	Sig.
Satisfacti	Between Groups	262.100	6	43.683	3.544	.002
	Within Groups	3611.566	293	12.326		
	Total	3873.667	299			
Loyalty	Between Groups	336.156	6	56.026	3.957	.001
	Within Groups	4134.399	292	14.159		
	Total	4470.555	298			

The Anova shows significance value between age group, customer satisfaction and customer loyalty. The significance value is .002 and .001.This value is less than .05.

The analysis of variance showed that effects of customer satisfaction and customer loyalty shows significance value F (3.544) & (3.957)

8. FINDINGS

- 70%of the respondents are Male.
- 31.0%of the respondents are belongs to the age groups of 31-35 and only 0.7% respondents are belongs to the age group of above50 years.
- The highest respondent's education qualification is under graduates are 53% answered and the least one is 1.3%Schooling.
- 42.7%private employees are using much kind of automobiles.
- 68% of respondents are married.
- 38.3% of respondents are under the monthly income of 31000-40000.
- 74.7% of respondents are using premium car segment ranging from 5lakhs to 15 lakhs
- 78.3% of respondents are using diesel engine only for their usage
- There is significant association between under the age group and customer satisfaction and as the significant value is <.05(0.002)
- There is significant association between under the age group and loyalty as the significant value is <.05(0.001)
- There is significant association between profession and satisfaction as the significant value is <.05(0.001)
- There is significant association between profession and loyalty as the significant value is <.05(0.000)
- There is significant association between product quality, price, brand image, satisfaction and loyalty as the significant value is <.05(0.000)
- There is significant association between gender group and customer loyalty as the significant value is <.05 (.002)
- There is significant association between brand, price, product quality, and customer loyalty as the significant value is <.05 (.000)
- There is no significance difference between service provider and product quality individual questions the significant value is >.05
- There is no significance difference between monthly income and product quality and its significant value is >.05
- There is no significance difference between monthly income and price and its significant value is >.05

9. SUGGESTIONS:

- The service providers can give any concession on the service rates to the age group of above50 years in order to improve their loyalty level (i.e is on price, product quality)
- The service providers must improve the quality of services that are provided to improve the customer satisfaction has the high earning peoples are urging for the quality instead of price/cost of the product or services that are provided
- The uniqueness of the various providers should be shown by their brand image of the services accordingly
- Any after sales service warranty extension period can be provided to customers based on their monthly income through which different category of peoples can be benefited as it leads to more customer satisfaction.
- As the relationships are significant the service provider can slightly shows improvements in their product quality and their based brand image towards customer by less means of price/cost to the service provided.

10. CONCLUSION:

On the basis of the research the service profit chain concept, where increased quality positively influences customer satisfaction, which in turn leads to better quality results through increased customer loyalty, is not applicable in all cases and has some limitations. Much into customer satisfaction improvements to retain the existing customers. Bigger car servicing companies are usually located in cities, where there are often other authorized same brand car servicing companies. Hence, it is not that difficult for customers to switch to a different car servicing company if they become dissatisfied with the services. In Those circumstances it makes sense to invest more into high customer satisfaction, because it leads to high customer loyalty. Loyal customers are namely less likely to change a car servicing company and are less susceptible to higher hourly rates. Therefore, the optimal level of customer Satisfaction, after which financial results actually stop to improve, is lower for the

small-sized car servicing companies than for the bigger ones. Companies are quick to point out those unique or competitive situations in their industries lead to doubts about the validity of research in other contexts to apply to them. Balancing the research across contexts is a priority to Substantiate the general relationship and will also answer questions posed by companies about their own contexts . This study hence contributes to literature by providing insight on the association between service quality in the specific context of after-sales services in car servicing industry

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