ABSTRACT

This research behind the following questions that are becoming increasingly important to managers in car industries: is there a relationship between customer service and product quality with customer satisfaction and loyalty in the context of the Indian car industry? If yes, how is the relationship between these variables?. In India, car industry is one of the largest industries in the world. Customer satisfaction and loyalty are the most important factors that affect the car industry. On the other hand, Customer service can be considered as an innate element of industrial products. Customer service quality, product quality, customer satisfaction and loyalty can be measured at different stages, for example, at the beginning of the purchase, and one or two years after purchase. The population of the study is all of the Tata Indica car owners in Salem. Hypotheses of the study will be analyzed using regression and ANOVA. Results of the study show that there are high positive correlation between the constructs of customer service and product quality with customer satisfaction and loyalty.

Key Words

INTRODUCTION AND RESEARCH EVIDENCE

What is the relation between four concepts of product and service quality, customer satisfaction and loyalty in Indian automotive industry? The literature of this study is given in the following paragraphs.

From the point of view of Ching et al (2008), the relationships between brand equity, brand preference, and purchase intentions on international air passengers’ decisions in Taiwan. The findings indicate positive relationships between brand equity, brand preference, and purchase intentions with a moderation effect of switching cost affecting the relationship between brand equity and purchase intentions. More specifically, the effect of brand equity on purchase intentions is not significant for passengers with low switching costs.

Adele Berndt (2009) discussed in his article that the motor industry plays a critical role in the economy of South Africa, with respect to both GDP and employment. Service quality is a fundamental aspect of service provision, and this is especially the case with motor vehicles, where substantial profits are generated in the servicing of vehicles. The study was conducted using a convenience sample of 761 respondents who were owners of various brands of motor vehicles. The questionnaire was a self-completion questionnaire which consisted of three sections. Factor analysis of the research indicated that five service quality factors could be identified. Apart from the tangible factor, the factors identified differ from the dimensions of service quality proposed by Parasuraman et al. (1988). The dimensions identified also were differed from other studies conducted into service quality dimensions in this context, highlighting the variable nature of service quality in this context. The implications of this study are that the customer perceives the way in which the service is delivered as critical in evaluating service quality.

R.D. Bikash, S.K. Pravat and Sreekumar (2010) discussed in their study that an attempts to find the factors, which are important for choosing the revolutionary car ‘Nano’ launched by one of the leading Indian automobile industry called ‘Tata Motors’. The paper considers 22 factors, which may be important in the customer decision-making process. Two approaches viz. Grey Relational Analysis and RIDIT analysis is used to rank the factors.

Natarajan, P and Thiripurasundari, U (2010) discussed in their study that consumer preference of global brands vs. local brands in the Indian car industry. Consumer brand perceptions have substantial implications in Marketing. The customers’ preference towards local and global brands is studied by administering structured interview schedule with 150 customers in Puducherry city. The findings of the study advised that the consumers who possessed global car brands, preferred their car brands due to factors such as global presence, worldwide reputation.
and quality of being a foreign made. Consumers made favourable perceptions the country, wherein they tend to associate factors such as superior quality, technical advancements, modernization etc. to the country from which the brand had taken its origin. Consumers who owned a local brand evaluated the local brand in a favourable manner, wherein they tend to associate the brand to India’s strong automobile sector that makes quality and technically efficient cars.

Thiripurasundari U and Natarajan P (2011) stated in their study that Brand Equity is the added value endowed by the brand to the Product (Farquhar 1989). Although the idea of using a name or a symbol to enhance a product’s value has been known to marketers for a long time, brand equity has gained renewed interest in recent years. The objective of the study are to analyze the importance of various factors like brand knowledge, brand preference, brand loyalty, brand application etc in car market in Puducherry. The primary data were collected from 300 car owners through an interview schedule. From the five factors, brand application factor has been rated as the most important factor in car industry. This study shows that it is possible to establish where a company should focus its improvement efforts in order to make it payoff.

Rameshwaran (2011) deals in his article that the world automobile industry has been witnessing an unprecedented scale of change since 1991 when liberalization took place in India for the first time. The wave of globalization has directly affected the international automobile industry and the buyer behaviour in the small car market, and the promotional strategies associated with it has accelerated the global reorganization of it.

HYPOTHESES OF THE STUDY IS BASED ON RESEARCH CONCEPTUAL MODEL

Customer Service Quality

Product Quality

Customer Satisfaction

Customer loyalty

H1

H2

H3

Research Conceptual Model
From the above mentioned model the following hypotheses are developed:

H₁: Customer service quality influences customer satisfaction in the automotive industry.
H₂: Product quality influences customer satisfaction in the automotive industry.
H₃: Customer satisfaction influences customer loyalty in the automotive industry.

**METHODOLOGY OF THE STUDY**

The objective of the current study is to clarify the relationship between four variables of customer service quality, product quality, customer satisfaction, and customer loyalty. This research can be categorized as descriptive research based on the method of obtaining the considered data and is of correlative type. Since these data are made for studying the distribution of statistical population characteristics through sampling of population, this research is a survey done on the basis of cross sectional method.

In this research, the design of the questionnaire with 53 questions was primarily based on multiple-item measurement scales taken from previous researches. 24 questions are designed to evaluate customer service quality and product quality; 13 questions are designed to evaluate customer loyalty and 11 questions are designed to evaluate customer satisfaction. Satisfaction was measured by a Five-point Likert scale, Highly Satisfied, Satisfied, Neutrally Satisfied, Dissatisfied, Highly Dissatisfied. Five questions are related to personal information of the respondents. For analyzing data derived from questionnaire regression and ANOVA test has been used and the software which have been used for analyzing the data is PASW Statistics 18.

**TESTING HYPOTHESES**

For all the hypotheses of the study below hypothesis test was used at 95% confidence interval.

**Table No. 1 - THE RESULTS OF HYPOTHESES OF THE STUDY BASED ON REGRESSION ANALYSIS.**

<table>
<thead>
<tr>
<th>HYPOTHESIS</th>
<th>R</th>
<th>R²</th>
<th>ADJUSTED R²</th>
<th>SE</th>
<th>CHANGE R CHANGE</th>
<th>F</th>
<th>SIG.</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>0.862</td>
<td>0.744</td>
<td>0.740</td>
<td>4.590</td>
<td>0.744</td>
<td>226.18</td>
<td>0.000</td>
</tr>
<tr>
<td>Second</td>
<td>0.882</td>
<td>0.772</td>
<td>4.305</td>
<td>0.034</td>
<td>11.67</td>
<td>10.52</td>
<td>0.001</td>
</tr>
<tr>
<td>Third</td>
<td>0.890</td>
<td>0.762</td>
<td>0.783</td>
<td>4.091</td>
<td>0.14</td>
<td>5.177</td>
<td>0.026</td>
</tr>
</tbody>
</table>
The above table shows the Regression analysis for hypotheses of the study. As seen R and R² values of all hypotheses are high. Therefore, it can assume a high correlation for variables of these hypotheses. The R² values for these hypotheses are 0.744, 0.772 and 0.792, respectively.

**H₁:** Customer service quality influences customer satisfaction in the car industry.

As significance in, first hypothesis is less than 0.05 therefore, this hypothesis is approved.

**H₂:** Product quality influences customer satisfaction in the car industry.

As significance (sig.) in, second hypothesis is less than 0.05 therefore, this hypothesis is approved.

**H₃:** Customer satisfaction influences customer loyalty in the car industry.

As significance in, third hypothesis is less than 0.05 therefore, this hypothesis is approved. The following table shows result of the analysis of variance (ANOVA) for hypotheses of study. ANOVA provides a statistical test of whether or not the means of several groups are all equal, and therefore generalizes t-test to more than two groups. ANOVAs are helpful because they possess an advantage over a two-sample t-test. Doing multiple two-sample t-tests would result in an increased chance of committing a type I error. For this reason, ANOVAs are useful in comparing two, three or more means.

**TABLE No. 2 - ANOVA TEST**

<table>
<thead>
<tr>
<th>MODEL</th>
<th>SUM OF</th>
<th>DF</th>
<th>MEAN</th>
<th>F</th>
<th>SIG.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression Residual Total</td>
<td>4766.277</td>
<td>1</td>
<td>4766.277</td>
<td>226.182</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1643.673</td>
<td>51</td>
<td>21.073</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6409.950</td>
<td>52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Regression Residual Total</td>
<td>4982.735</td>
<td>1</td>
<td>2491.367</td>
<td>134.412</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1427.215</td>
<td>50</td>
<td>18.535</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6409.950</td>
<td>52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Regression Residual Total</td>
<td>5073.774</td>
<td>1</td>
<td>1691.249</td>
<td>96.194</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1336.733</td>
<td>49</td>
<td>17.582</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6409.950</td>
<td>52</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
TABLE No. 3 - COEFFICIENTS

<table>
<thead>
<tr>
<th>MODEL</th>
<th>STANDARDIZED COEFFICIENTS</th>
<th>T VALUE</th>
<th>SIG.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant Customer service quality and Customer Satisfaction</td>
<td></td>
<td>-5.166</td>
<td>.000</td>
</tr>
<tr>
<td>1</td>
<td></td>
<td>0.862</td>
<td>15.038</td>
</tr>
<tr>
<td>Constant Product quality and Customer Satisfaction</td>
<td></td>
<td>-6.361</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>0.882</td>
<td>14.542</td>
</tr>
<tr>
<td>Constant Customer Satisfaction and Customer Loyalty</td>
<td></td>
<td>-5.912</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>0.890</td>
<td>15.667</td>
</tr>
</tbody>
</table>

According to statistical analysis in this section the results indicates that customer service and product quality has been influential on customer satisfaction and also there is a positive relationship between customer service and product quality with customer satisfaction and loyalty in the context of the Indian Car Industry.

CONCLUSION

One may pursue the common point of these studies in undiscovered customer needs. In a setting where companies do not depend on others to serve customers, the customer is aware to whom his/her perception is dedicated, and the direct link between perceived quality, customer satisfaction and loyalty is naturally expected.

This research has been proven by the researcher in both pure product and pure service settings. It may be easy to point out that customer satisfaction increases their loyalty, but there are also many satisfied customers who are not loyal to that particular brand. Thus, paying attention to satisfaction and loyalty at the same time is to be a critical and also a challenging task for a company. It shows that there is a positive and meaningful relationship between customer satisfaction and increase in the customers’ loyalty. Findings of this research show that the quality of customer service and the quality of products in Tata Motor’s Company promotes customer satisfaction, and also there is a positive relationship between customer satisfaction and customer loyalty in the context of the Indian automotive industry.

REFERENCES


