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**Title**

# EFFECT OF AFTER SALES SERVICES OF CARS IN BUILDING CUSTOMER LOYALTY

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## Abstract:

In a scenario like today where cars do not differ very greatly in terms of technology at the entry level, the various car companies have attempted to differentiate their products and build brand loyalty on the basis of after sales service offered by them and their dealers in terms of Strong Dealer Network accessible all over India, Technically qualified staff and Number of Free after sales services offered to customers so the primary objective of the report is to study the Effect of After Sales Services of Cars in Building Customer Loyalty at the entry level provided by car manufacturers (Maruti, Tata motors and Hyundai) in Chandigarh city. Rating is given to the three companies on the basis of the after sales services provided by the companies. In order to achieve this objective an extensive research was undertaken in the areas of Chandigarh

The research is carried out by administering Questionnaires and interviewing the dealers as well as the consumers. The sample size taken for the purpose of research is 90. The research has been compiled with the help of SPSS software. Pie charts, Bar graphs and Data analysis tools are a part of the report to extensively cover the research objectives.

**Keywords:** After Sales Service, Automobile, Brand Loyalty, Customer Satisfaction

## Introduction:

The Brand Loyalty increasingly is becoming the key source of differentiation that guides customer purchase choice. People involved in branding seek to develop or align the expectations behind the brand experience, creating the image that a brand associated with a product or service has certain qualities or characteristics that make it different or unique. There are many operational definitions of Brand Loyalty. In general, Brand Loyalty can be defined as the strength of preference for a brand compared to other similar available options. This is often measured in terms of repeat purchase behaviour or price sensitivity (Brandchannel.com, 2006). However, Bloemer and Kasper (1995) defined true brand loyalty as having six necessary conditions which are: 1) the biased (i.e. non-random); 2) behavioural response (i.e. purchase); 3) expressed over time; 4) by some decision-making unit; 5) with respect to one or more alternative

brands out of a set of such brands; and 6) a function of psychological processes. True brand loyalty exists when customers have a high relative attitude toward the brand exhibited through repurchase behaviour. This type of loyalty can be a great asset to the firm: customers are willing to pay higher prices, may cost less to serve and can bring in new customers to the firm (Reichheld and Sasser, 1990). The brand loyal consumer does not attempt any kind of attribute evaluation but simply chooses the familiar brand on the basis of some overall positive feelings towards it. This overall positive evaluation stems from past experience with the particular brand under consideration. Amine (1998) in her literature distinguishes two main approaches to define the loyalty construct: the behavioural one suggests that the repeat purchasing of a brand over time by a consumer expresses their loyalty, and; the attitudinal perspective which assumes that consistent buying of a brand is a necessary but not sufficient condition of 'true' brand loyalty and it must be complemented with a positive attitude towards this brand to ensure that this behaviour will be pursued further. Thus, brand loyalty is a function of both behaviour and attitudes. It is a consumer's preference to buy a particular brand in a product category. It occurs because consumers perceive that the brand offers the right product features, image, or level of quality at the right price. This perception becomes the foundation for new buying habits. Consumers will initially make a trial product of the brand and, when satisfied with the purchase, tend to form habits and continue to purchase the same brand because the product is safe and familiar.

The no. of MNC's entering in Indian car market is increasing and therefore needed to carefully plan their entry into emerging markets. Early commitment to a market often results in first mover advantages that are difficult to replicate. On the other hand, later entrants have the opportunity to learn from the mistakes of the first entrant. The Indian car market offers useful lessons in this context. In the 1990s, the Indian Government removed several restrictions in a bid to attract foreign investors into the automobile industry. Among the first to enter was Daewoo of South Korea, with its model Cielo, targeted at the upper end of the market. Other MNCs such as Ford and General Motors also entered the Indian market, followed by Hyundai, Honda, Toyota and Volkswagen.   In this case, we shall examine the strategies of some of the major players in the Rs 18,500 crore Indian car markets and how successful they have been till date.  The case is relevant to the issues being covered in this article as the Indian car industry is completely dominated by MNCs*, barring the lone exception, Telco.

## The Indian Passenger Car Market in FY2002-03

**Passenger Car Market Share 2002-2003**

- Maruti
- Telco
- Hundai
- Others

15.3
16.1
11.5
57.1
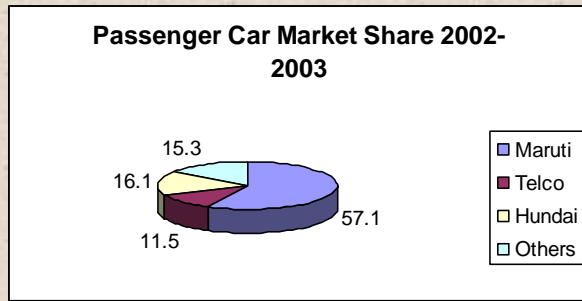
| Segments | Size | Volume | Percentage share |
|---|---|---|---|
| A | Compacts | 195366 | 28% |
| B | Mid-sized | 375292 | 53% |
| C | Premium | 130983 | 18% |
| D&E | Luxury | 6437 | 1% |

Total 708078*       Source: SIAM

- *Includes MUV's/SUV's*

## Major players in the Indian market

| Installed | Capacities | Utilization % |
|---|---|---|
| MUL | 350000 | 102% |
| Telco | 160000 | 58% |
| Hyundai | 120000 | 78% |
| Daewoo | 110000 | - |
| Ford | 100000 | 10% |
| HM | 64000 | 36% |
| Fiat | 50000 | - |
| Honda | 30000 | 34% |
| GM | 25000 | 33% |
| Daimler C | 10000 | 14% |

*Source: SIAM*

## OBJECTIVES OF THE STUDY:

1. To study the effect of after sales services of Cars in Building Customer Loyalty on basis of after sales service provided by the car companies.

2. To give rating to the car companies on the basis of after sales service provided by them.

3. Issues which customers give preference while rating customer satisfaction/loyalty post buying a car.

4. Awareness among people regarding the services offered by the various car companies and car dealers.

## Research Methodology includes:

In this study descriptive research design was used to describe from respondents about their loyalty and satisfaction about the service provided by car companies. Sample Size is 90 Respondents who are using Maruti, Hyundai, and Tata Motors cars. The tool used by researcher for data collection is Questionnaire and Secondary through Journals, Magazines, and Websites. The Sampling technique used is Non probability sampling and sampling method is judgment sampling

## DATA ANALYSIS:

**Preferred car brand – (Found from the survey)**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Maruti | 61 | 67.8 | 72.6 | 72.6 |
|  | Hyundai | 9 | 10.0 | 10.7 | 83.3 |
|  | Tata motors | 10 | 11.1 | 11.9 | 95.2 |
|  | Others | 4 | 4.4 | 4.8 | 100.0 |
|  | Total | 84 | 93.3 | 100.0 |  |
| Missing | Missing | 6 | 6.7 |  |  |
| Total |  | 90 | 100.0 |  |  |
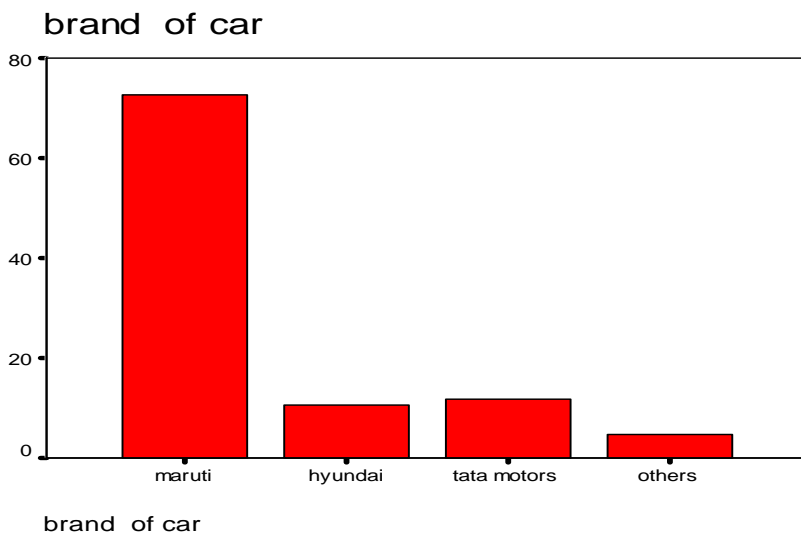
## brand of car



brand of car

Source: questionnaire

From the survey conducted it was found that 67.8 % preferred Maruti as the brand.

**Age of the Car**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |  |
|---|---|---|---|---|---|---|
| Valid | <1year | 13 | 14.4 | 14.4 | 14.4 |  |
|  | 1-5 years | 50 | 55.6 | 55.6 | 70.0 |  |
|  | 5-10 years | 16 | 17.8 | 17.8 | 87.8 |  |
|  | >10 years | 11 | 12.2 | 12.2 | 100.0 |  |
|  | Total | 90 | 100.0 | 100.0 |  |  |

## age of the car
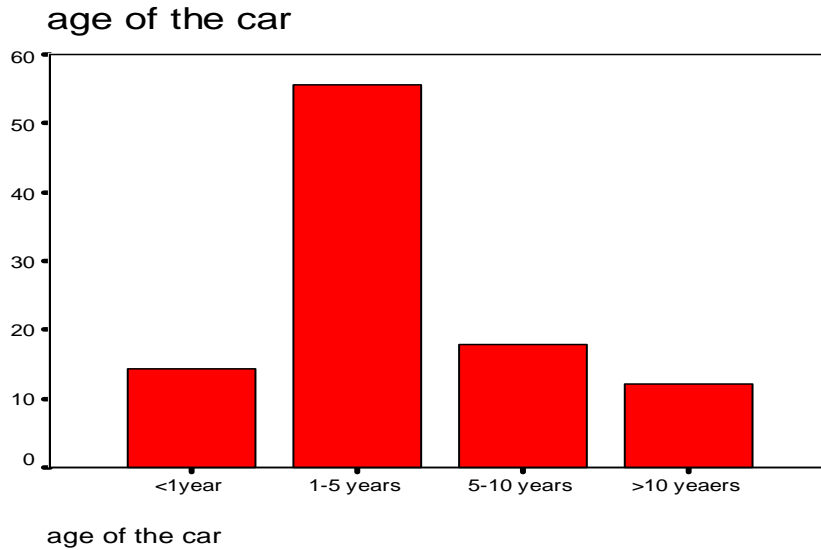


age of the car

Source: questionnaire

From the survey it was found that average age of the cars was 1-5 years.

**After Sales Service Effect On Brand Image Of The Companies**

| | | Frequency | Percent | Valid Percent | Cumulative Percent | |
|---|---|---|---|---|---|---|
| Valid | Yes | 75 | 83.3 | 84.3 | 84.3 | |
| | No | 14 | 15.6 | 15.7 | 100.0 | |
| | Total | 89 | 98.9 | 100.0 | | |
| Missing | Missing | 1 | 1.1 | | | |
| Total | | 90 | 100.0 | | | |

## after sales service effect on brand image
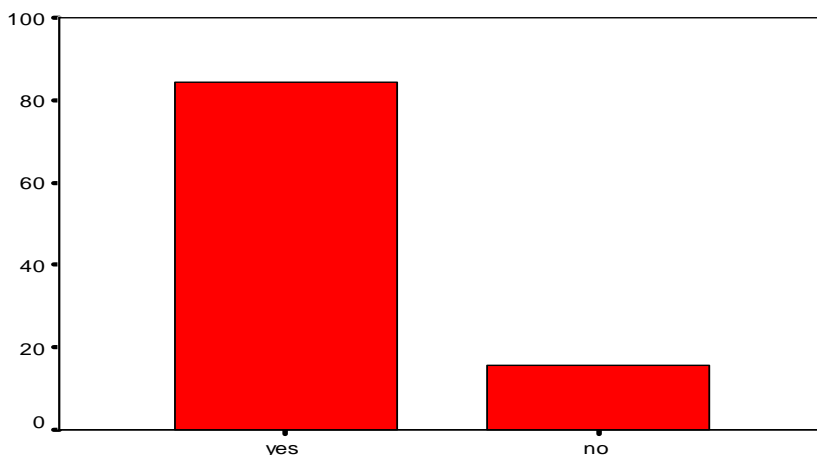


after sales service effect on brand image of the companies

Source: questionnaire

Thus, the data shows that 83% of the people surveyed say that after sales service does affect the overall image of the company. So the car manufacturing companies have to focus on their after sales service in order to maintain brand loyalty.

**Reliability Of After Sales Service Provided By the Service Stations**

|         |         | Frequency | Percent | Valid Percent | Cumulative Percent |   |
|---------|---------|-----------|---------|---------------|--------------------|---|
| Valid   | Yes     | 55        | 61.1    | 64.7          | 64.7               |   |
|         | No      | 30        | 33.3    | 35.3          | 100.0              |   |
|         | Total   | 85        | 94.4    | 100.0         |                    |   |
| Missing | Missing | 5         | 5.6     |               |                    |   |
| Total   |         | 90        | 100.0   |               |                    |   |

## Reliability of Service Stations
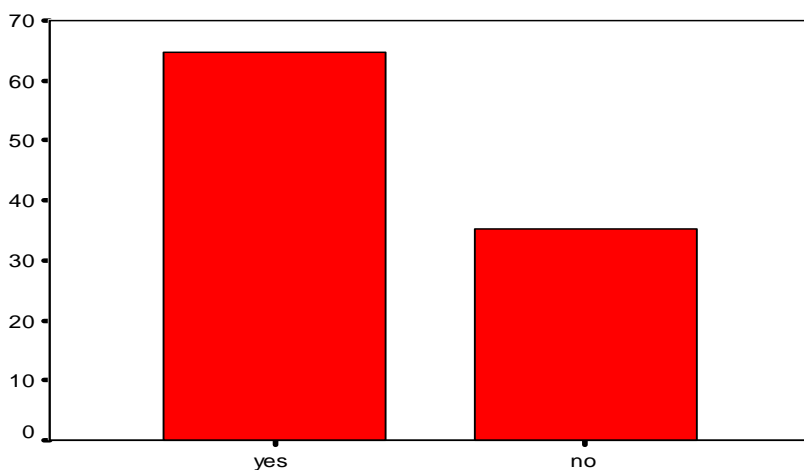


Reliability of service startions

Source: questionnaire

From the survey conducted it was found that 61.1% of the respondents found the service delivered by the service stations to be reliable. But companies need to work on it improve upon this figure.

**Respondents Satisfied With the Services Provided By the Company**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |  |
|---|---|---|---|---|---|---|
| Valid | Yes | 60 | 66.7 | 73.2 | 73.2 |  |
|  | No | 22 | 24.4 | 26.8 | 100.0 |  |
|  | Total | 82 | 91.1 | 100.0 |  |  |
| Missing | Missing | 8 | 8.9 |  |  |  |
| Total |  | 90 | 100.0 |  |  |  |

## satisfaction level of respondents
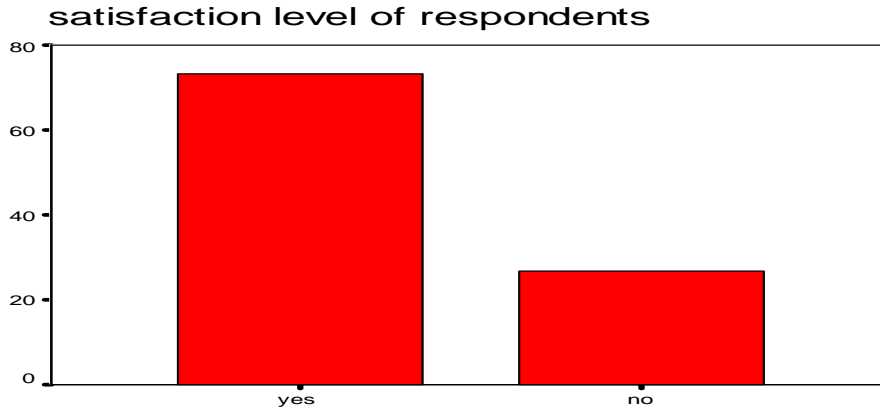
respondents satisfied with the services provided by the company

Source: questionnaire

From the survey it is found that 67.6% of the respondents from the sample were satisfied with service provided by the companies. But still companies need to work on it.

**Availability of Service Station within Reachable Area**

|  |  | Frequency | Percent | Valid Percent | Cumulative Percent |  |
|---|---|---|---|---|---|---|
| Valid | Yes | 65 | 72.2 | 73.9 | 73.9 |  |
|  | No | 23 | 25.6 | 26.1 | 100.0 |  |
|  | Total | 88 | 97.8 | 100.0 |  |  |
| Missing | Missing | 2 | 2.2 |  |  |  |
| Total |  | 90 | 100.0 |  |  |  |

## availibility of service station
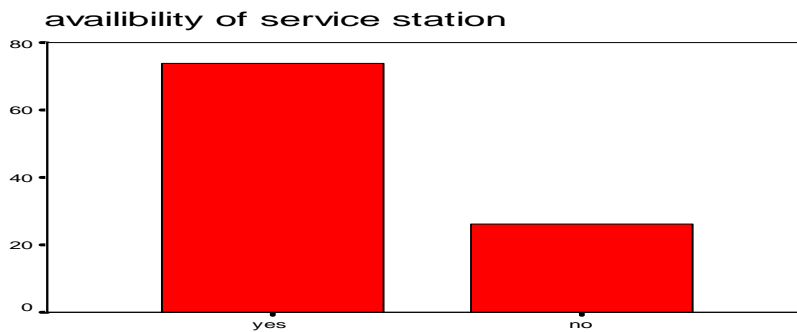
availibility of service station

Source: questionnaire

From the survey it was found that 72.2% of respondents were satisfied with the no: of service stations available within their reachable area.

**Statistics Regarding Ranking Given By Consumer to Car Companies**

| | | Rank given to Maruti | Rank given to Hyundai | Rank given to Tata motors | |
|---|---|---|---|---|---|
| N | Valid | 86 | 84 | 84 | |
| | Missing | 4 | 6 | 6 | |
| Mean | | 1.58 | 1.95 | 2.45 | |
| Std. Error of Mean | | 8.35E-02 | 8.62E-02 | 7.07E-02 | |
| Median | | 1.00 | 2.00 | 3.00 | |
| Mode | | 1 | 2 | 3 | |
| Std. Deviation | | .77 | .79 | .65 | |
| Variance | | .60 | .62 | .42 | |
| Range | | 2 | 2 | 2 | |
| Minimum | | 1 | 1 | 1 | |
| Maximum | | 3 | 3 | 3 | |
| Percentiles | 25 | 1.00 | 1.00 | 2.00 | |
| | 50 | 1.00 | 2.00 | 3.00 | |
| | 75 | 2.00 | 3.00 | 3.00 | |

**Rank Given To Maruti**

| | | Frequency | Percent | Valid Percent | Cumulative Percent | |
|---|---|---|---|---|---|---|
| Valid | No 1 | 51 | 56.7 | 59.3 | 59.3 | |

| | | Frequency | Percent | Valid Percent | Cumulative Percent | |
|---|---|---|---|---|---|---|
| | No 2 | 20 | 22.2 | 23.3 | 82.6 | |
| | No 3 | 15 | 16.7 | 17.4 | 100.0 | |
| | Total | 86 | 95.6 | 100.0 | | |
| Missing | Missing | 4 | 4.4 | | | |
| Total | | 90 | 100.0 | | | |

Source: questionnaire

| | | Frequency | Percent | Valid Percent | Cumulative Percent | |
|---|---|---|---|---|---|---|
| Valid | No 1 | 28 | 31.1 | 33.3 | 33.3 | |
| | No 2 | 32 | 35.6 | 38.1 | 71.4 | |
| | No 3 | 24 | 26.7 | 28.6 | 100.0 | |
| | Total | 84 | 93.3 | 100.0 | | |
| | | | | | | |
| Missing | Missing | 6 | 6.7 | | | |
| Total | | 90 | 100.0 | | | |

From the survey conducted it was found that 56.7% of respondents ranked Maruti as no.1 car on the basis of after sales service.

**Rank Given To Hyundai**
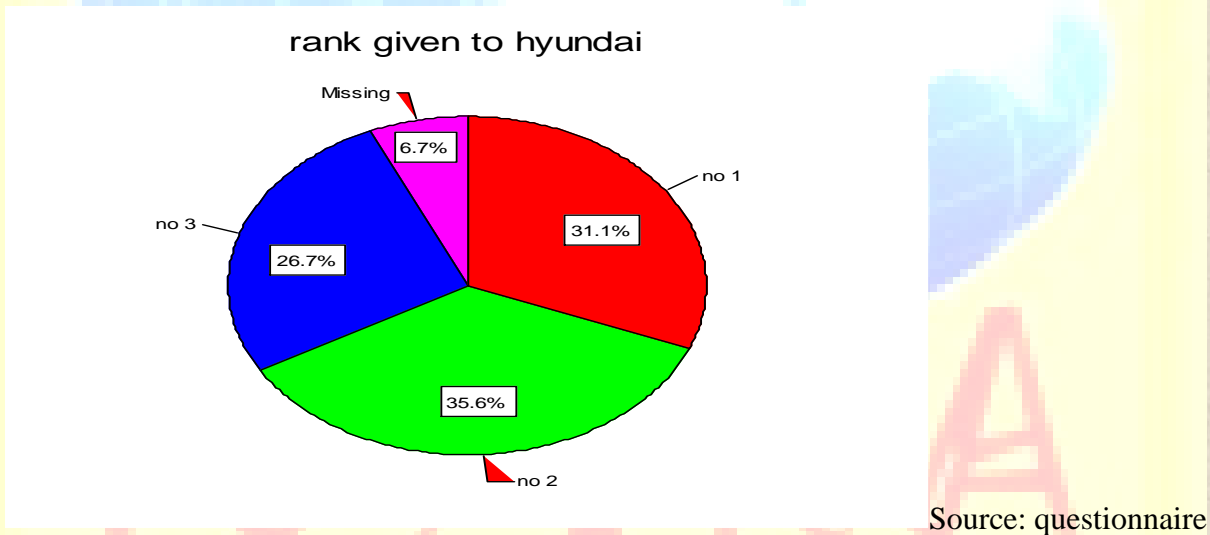


Source: questionnaire

From the survey conducted it was found that 31.1% of respondents ranked Hyundai as no.1 car on the basis of after sales service.

**Rank Given To Tata Motors**

| | | Frequency | Percent | Valid Percent | Cumulative Percent | |
|---|---|---|---|---|---|---|
| Valid | no 1 | 7 | 7.8 | 8.3 | 8.3 | |

| | | | | | |
|---|---|---|---|---|---|
| | no 2 | 32 | 35.6 | 38.1 | 46.4 |
| | no 3 | 45 | 50.0 | 53.6 | 100.0 |
| | Total | 84 | 93.3 | 100.0 | |
| Missing | missing | 6 | 6.7 | | |
| Total | | 90 | 100.0 | | |



rank given to tata motors
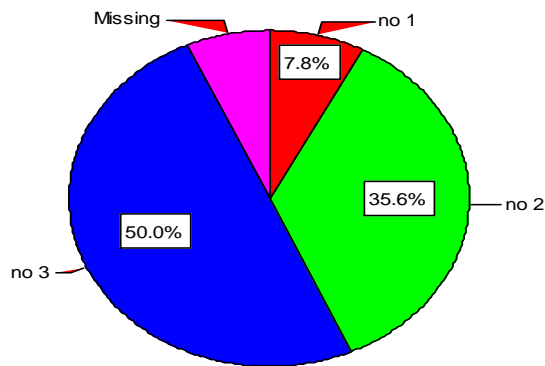
Source: questionnaire

From the survey conducted it was found that 7.8% of respondents ranked Tata Motors as no.1 car on the basis of after sales service.

**After sale service as a factor considered while buying a car**

| | | Frequency | Percent | Valid Percent | Cumulative Percent | |
|---|---|---|---|---|---|---|
| Valid | yes | 51 | 56.7 | 56.7 | 56.7 | |
| | no | 39 | 43.3 | 43.3 | 100.0 | |
| | Total | 90 | 100.0 | 100.0 | | |

## after saleservice as a factor  buying a car
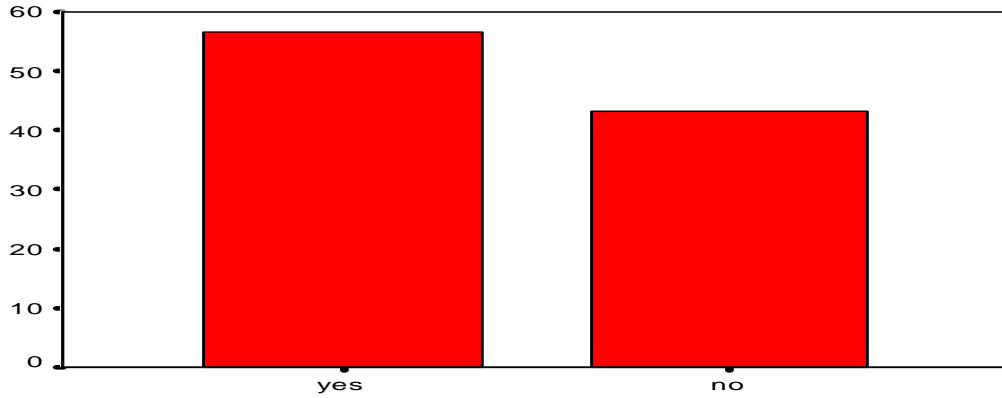


after saleservice as a factor considered while buying a car

From the survey it was found that 56.7% of the respondents said that they consider after sales service delivered by the companies as the important factor while buying a car.

**Dealer Network as a Factor Considered While Buying A Car**

|        |       | Frequency | Percent | Valid Percent | Cumulative Percent | |
|--------|-------|-----------|---------|---------------|--------------------|--|
| Valid  | yes   | 24        | 26.7    | 26.7          | 26.7               | |
|        | no    | 66        | 73.3    | 73.3          | 100.0              | |
|        | Total | 90        | 100.0   | 100.0         |                    | |
|        |       |           |         |               |                    | |

## dealer network a factor while  buying a car
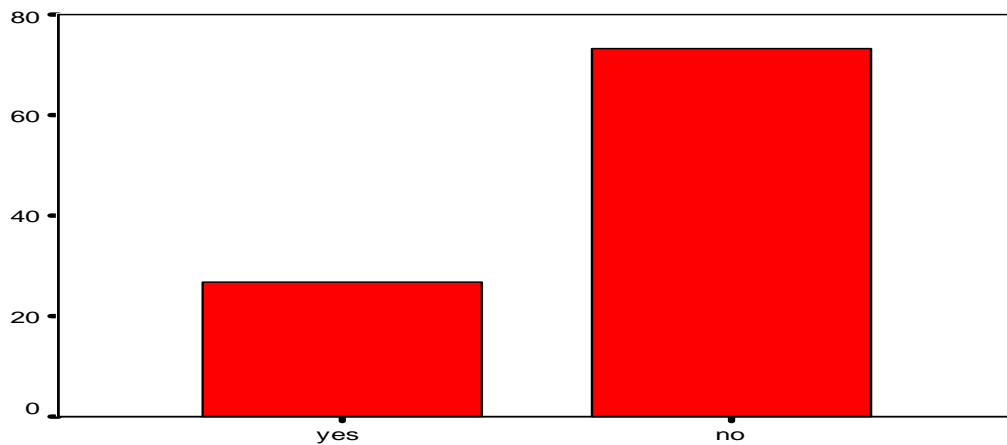


dealer network as a factor considered while buying a car

167

73% of the respondents believe that dealer network is not a major criterion while buying a car.

**Service station network as a factor considered while buying a car**

| | | Frequency | Percent | Valid Percent | Cumulative Percent | |
|---|---|---|---|---|---|---|
| Valid | yes | 43 | 47.8 | 47.8 | 47.8 | |
| | no | 47 | 52.2 | 52.2 | 100.0 | |
| | Total | 90 | 100.0 | 100.0 | | |
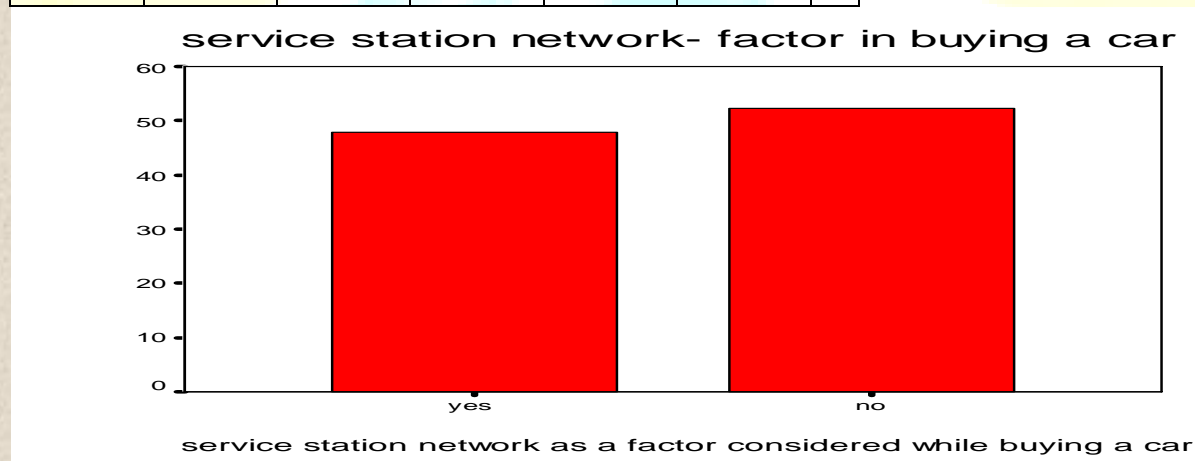


service station network- factor in buying a car

service station network as a factor considered while buying a car

Majority of the respondents believe that service station network is not a major criteria while buying a car.

**Brand image as a factor considered while buying a car**

| | | Frequency | Percent | Valid Percent | Cumulative Percent | |
|---|---|---|---|---|---|---|
| Valid | yes | 65 | 72.2 | 72.2 | 72.2 | |
| | no | 25 | 27.8 | 27.8 | 100.0 | |
| | Total | 90 | 100.0 | 100.0 | | |

## brand image a factor while buying a car

brand image as a factor considered while buying a car

Brand image is very important factor which is considered by the respondents while buying a car

## CONCLUSION:

- From the survey conducted it was found that 67.8 % preferred Maruti as the brand.

- From the survey it was found that average age of the cars was 1-5 years.

- The data shows that 82% of the people surveyed say that after sales service does affect the overall image of the company. So the car manufacturing companies have to focus on their after sales service in order to maintain brand loyalty.

- From the survey conducted it was found that 61.1% of the respondents found the service delivered by the service stations to be reliable. But companies need to work on it improve upon this figure.

- From the survey it is found that 67.6% of the respondents from the sample were satisfied with service provided by the companies. But still companies need to work on it.

- From the survey it was found that 72.2% of respondents were satisfied with the no: of service stations available within their reachable area.

- From the survey conducted it was found that 56.7% of respondents ranked Maruti as no.1 car on the basis of after sales service. From the survey conducted it was found that 31.1% of respondents ranked Hyundai as no.1 car on the basis of after sales service. From the survey

conducted it was found that 7.8% of respondents ranked Tata Motors as no.1 car on the basis of after sales service.

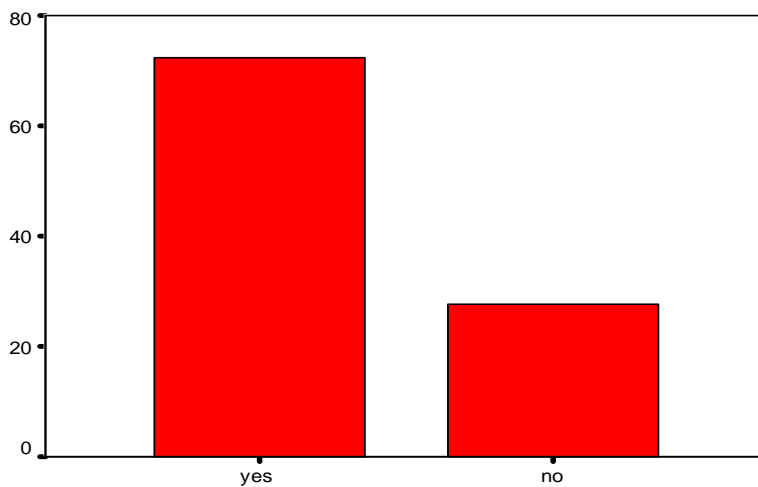- From the survey it was found that 56.7% of the respondents said that they consider after sales service delivered by the companies as the important factor while buying a car.
- 73% of the respondents believe that dealer network is not a major criterion while buying a car.
- Majority of the respondents believe that service station network is not a major criteria while buying a car.
- Brand image is very important factor which is considered by the respondents while buyi

## RECOMMENDATION:

- Dealers should give a monthly remainder call to their customers for the after sales service.
- There should be free wheel alignment provided by the service station.
- Air condition should be given a free service charge.
- Spares parts of various cars within the service period should be given at a concessional or discounted rate.
- When the customers go for a new car the dealers should give them a fair re-sale value or for an exchange offer
- Dealers should position themselves as a quality service provider.
- After the service, the service station must give the delivery of the car to the customer free of cost at his desired time.
- Schemes of free service after a consecutive 5th service at a particular service station should be adopted by the service station.

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