Chapter 5

DISCUSSION OF FINDINGS AND RECOMMENDATION

5.1 Introduction:

The customer satisfaction has remarkable influences for channelizing managerial decision making. Even though the customer satisfaction has been studied by several scholars, this concept is highly sensitive to varying cultural differences and the customers’ preference might be changed as per this cultural variation (Oliver & Swan 1989). Past studies states that customer satisfaction is context specific and decision taken in one situation cannot be used to another location (Anderson et al, 1994). Satisfaction models developed by scholars can be used to know the overall satisfaction level (Fornell et al 1992, Chan et al 2001) but cannot give lights to the reason for their satisfaction.

5.2 Summary of Survey Results:

The basic intention for the study was to frame a cumulative customer satisfaction model for compact segment car market in Kerala. The model proposed through the study can be used to assess the level and the causes of
variation in customer satisfaction. This model would be helpful to the decision makers to assess and modify their customers’ satisfaction. The major items that determine the car users’ satisfaction was combined with consequences of customer satisfaction such as repurchase intention and word of mouth. Before validating the model, it has tested the influences of various antecedents towards overall customer satisfaction and its impact on consequences. Six hypotheses were proposed during the study and all of them were tested with appropriate statistical tools. The statistical inferences were made at 5% level of significance. In order to test each hypothesis, construct level influences towards their latent variables also tested and the significance was ensured.

The hypotheses were tested with the statistical package SmartPLS. Each hypothesis was modeled with their constructs and the validity of the model was estimated on the basis of measurement criterion such internal consistency, Average Variance Extracted (AVE), discriminant validity and t-statistic. It is a highly useful method to test the hypothesis as the simultaneous influences of entire construct towards their latent variable, and between latent variable can be accommodated during the analysis.

The result of the analysis shows that most dominating compact segment cars are i20, Swift, i10, Figo and so on. Around 40% of the compact segment car market was dominated by these cars. Major customers of compact segment
cars are business people, private sector employees and teachers (85%). Apart, most of the users are belongs to the age group of 30-40. Around 52% of the compact segment car users belongs to this age group and around 37% of the users are belongs to the age of 41 and above. It means the upper level youth (age of 30 and above) highly prefer compact segment car.

An analysis of the educational qualification states that 42% of respondents are post graduates and 25% are graduates. It means, the customers of compact segment cars are highly educated and such customers might have the practice of critical review of the product performance that would reflect their satisfaction evaluation. So the marketers of these cars should be cautious while dealing with the customers.

The customers of compact segment cars in Kerala say that Swift is the most ideal car in the segment that was followed by i20. Around 53% of the customers consider Swift and i20 as the standard car. These two brands dominate the compact segment market significantly.

The customers’ intention for the purchase of a compact segment car is for private use. Around 80% of the respondents used this car for their private use. It enlightens the manufacturers of compact segment cars to ensure maximum comfort to the customers while using their private car. The purchase of a compact segment car was influenced by friends, siblings, life partner and so
on. Around 90% of the respondents say that the purchase of their car was influenced by their near and dear. The marketers of such compact segment car should taken care of this findings as they have to direct the promotion policies not only to customer but also their near to people so as to make an influence for purchasing the compact segment car.

5.3 Discussion of Hypothesis Results:

The results of the tested hypothesis were significant except the sixth hypothesis that proves overall customer satisfaction doesn’t moderates the antecedents and consequences significantly. The following table shows various hypotheses and their result that was followed by a detailed discussion of the findings of the study.
The customer satisfaction derives from satisfaction with the product and satisfaction with the encounter during the product purchase. The satisfaction with the car influences customers’ overall satisfaction but not ensure complete satisfaction. The researchers categorized two types of satisfaction, satisfaction with the car and satisfaction with the dealer that ensures total satisfaction.

The first hypothesis was stated to test that overall satisfaction with the car influences overall customer satisfaction. The result was significant and researchers concluded that there is a significant positive influence of overall

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<tr>
<th>Sl. No.</th>
<th>Hypothesis</th>
<th>Result</th>
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<tbody>
<tr>
<td>1</td>
<td>H1: Overall Satisfaction with the car positively influences overall customer satisfaction.</td>
<td>Supported</td>
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<tr>
<td>2</td>
<td>H2: Overall Satisfaction with the dealer positively influences overall customer satisfaction.</td>
<td>Supported</td>
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<td>3</td>
<td>H3: Overall customer satisfaction positively influences repurchase intention.</td>
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<td>4</td>
<td>H4: Overall customer satisfaction positively influences word of mouth.</td>
<td>Supported</td>
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<tr>
<td>5</td>
<td>H5: Overall customer satisfaction has a mediating role between the antecedents and consequences.</td>
<td>Supported</td>
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<td></td>
<td>H5a: Overall Customer Satisfaction Mediates the Overall Satisfaction with Car to the Repurchase Intention.</td>
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<td>H5b: Overall Customer Satisfaction Mediates the Overall Satisfaction with Car to Word of Mouth.</td>
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<td>H5c: Overall Customer Satisfaction Mediates the Overall Satisfaction the Dealer to Repurchase Intention.</td>
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<td>H5d: Overall Customer Satisfaction Mediates the Overall Satisfaction the Dealer to Word of Mouth.</td>
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<td>6</td>
<td>H6: Overall customer satisfaction has a moderating role between antecedents and consequences.</td>
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<td>H6a: Overall Customer Satisfaction stronger the relationship between Overall Satisfaction with Car to Repurchase Intention and Word of Mouth</td>
<td>Not supported</td>
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<td></td>
<td>H6b: Overall Customer Satisfaction stronger the relationship between Overall Satisfaction with the Dealer to Repurchase Intention and Word of Mouth</td>
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satisfaction with the car to overall customer satisfaction. This result supports
the literature that satisfaction was determined by the overall performance of
the product (Churchill & Suprenant 1982). Before purchasing the car, the
customer would have several expectations that should be confirm during the
usage of the product. As the researchers collected the response after one years
of their car purchase, the customers were able to reply by accommodating
their expectancy confirmation about their product. Oliver and Linda (1981)
report on the expectancy confirmation as the base of customer satisfaction also
support the result of this hypothesis. So the customers’ expectancy
confirmation about the car has direct influence of his overall satisfaction.

During the purchase process, a customer has to interact with the dealer. As the
compact segment car demands high involvement, the customers purchase
process becomes a long process. Throughout the purchase process, the
customer encounter with the dealer for various service related aspects such as
information about the car, credit terms, etc. The customer satisfaction with the
dealer determines their experiences during the purchase process. The result
of the second hypothesis states that satisfaction with the dealer influences
overall customer satisfaction significantly. It supports the study conducted by
Fisk and Young (1985) that states the experiences of customer during the
purchase process leads to process satisfaction and such purchase experience
must influences the level of satisfaction (LaTour & Peat 1979). The test
result of the second hypothesis states that satisfaction with the dealer influences overall customer satisfaction and the marketers should cautious while dealing with the customers.

The result of the third hypothesis shows that overall customer satisfaction influences repurchase intention to customers. The satisfied customer will repurchase the product and the car is a durable product, he may have repurchase intention. The result supports the findings of Oliver (1997) and Bitner (1990) that the satisfied customer will approach the same dealer for future purchase. The overall customer satisfaction accounts both overall satisfaction with the car and overall satisfaction with the dealer. If the customer is satisfied with the car and not with the dealer, he might have a repurchase intention of the same car or upgraded version of any car produced by the company (Bolton 1998) in future that generates future revenue and reduces transaction cost (Reichheld & Sasser 1990) to the manufacturer. When the customer is satisfied with the dealer and not with the car, he might have consider the same dealer in future purchase because he might have loyal to the same dealer or service provider (Anderson & Narus, 1990).

Satisfied customers will spread positive word of mouth. The result of the fourth hypothesis states that satisfied customers recommend the dealer and the product to their near and dear. Reichheld and Sasser (1990), Frenzen and Nakamoto (1993) states that satisfied customers always talk about the
experiences to their friends and colleagues. These literatures also supported that the satisfied customers of compact segment cars in Kerala will spread good word of mouth.

The fifth hypotheses explain that overall customer satisfaction mediates the antecedents and consequences. It means the antecedents such as overall satisfaction with the car and overall satisfaction with the dealer cannot directly predict the consequences like repurchase intention and word of mouth. If a customer has overall customer satisfaction, that becomes the influences of overall satisfaction with the car and overall satisfaction with the dealer. This result supported the study conducted by Bolton and Drew (1991) and Srivastava et al. (1998) that claims customer satisfaction mediates the antecedents to consequences.

The mediation effect of individual antecedents and consequences are tested to get the level of mediation of overall customer satisfaction with each path. It can be noted that overall customer satisfaction mediates satisfaction with the car to repurchase intention. But the mediation is partial because the direct path after introducing the mediation variable is significant. Hence, the overall customer satisfaction partially mediates the satisfaction with car and repurchases intention. But the path significance (t statistic) is comparatively low after introducing the mediator in the model. The combined analysis with entire antecedents and consequences highlights that the mediation effect is not
significant at 5% level. Even though, it can be understood that overall customer satisfaction mediates overall satisfaction with the car to repurchase intention significantly.

The overall customer satisfaction mediates overall satisfaction with the car to word of mouth significantly. The result of the analysis shows complete mediation. The direct path coefficient after introducing the mediator variable is not significant as the ‘t’ statistic is less than the standard value. The Sobel test result explains that there is a significant mediation for overall customer satisfaction between satisfaction with the car and word of mouth.

The result of the hypothesis (H5c) reveals that overall customer satisfaction completely mediates satisfaction with the dealer to repurchase intention. The direct path (OCS with Dealer→RPI) is not significant after introducing the mediator variable in the model. The Sobel test shows that there is a significant mediation.

There is a mediation of overall customer satisfaction between satisfaction with the dealer and word of mouth. The ‘t’ statistic is not significant after introducing the mediation variable. The Sobel test result shows that there is a significant mediation between satisfaction with the dealer and word of mouth.

The result of the mediation was vouched with literature and studies such as Bolton and Drew (1991), Szymanski and Henard (2001) shows that customer
satisfaction mediates the antecedents and consequences. The result of the mediation analysis shows that the hypothesised antecedents are fully mediated through the overall customer satisfaction towards repurchase intention and word of mouth.

The moderation effect of customer satisfaction between the antecedents and consequences are least analysed in the literature. The results of the moderator analysis show that overall customer satisfaction doesn’t significantly moderate the antecedents and consequences. The hypothesis was not supported. It explain that overall customer satisfaction only accommodates the influences of overall satisfaction with the car and overall satisfaction with the dealer and does not change the effect of influences to repurchase intention and word of mouth. These findings strengthen the validity of the cumulative customer satisfaction model proposed through the study as the decision makers should focus the items listed under cumulative satisfaction with the car and cumulative satisfaction with the dealer in order to ensure cumulative customer satisfaction to their customer.

The proposed cumulative customer satisfaction model includes cumulative customer satisfaction with the car and dealer. Cumulative customer satisfaction with the car positively influences his overall satisfaction. This hypothesis explains that the customers’ satisfaction with the car has a direct influence to the overall satisfaction. The researchers used 18 items under
three dimensions as the determinants of cumulative customer satisfaction with the car. The items in the scale include the features of the car that was designed and modified by the manufacturers. It can be propose that if the customer is satisfied with these 18 items, there would be a cumulative customer satisfaction with the car. It can be calculated by adding the response score of customers towards these 18 items scale (Scale I in the study). If a customer gives a response near to 7 in seven point scale, he is satisfied with the car and so, he has cumulative customer satisfaction with the car. By adding the ordinal response, the decision makers will get a score between 18 to 126 (18 items, score may be 1 to 7 for each item, minimum would be 18x1, maximum would be 18x7) that shows the strength of customers’ cumulative satisfaction with the car. If the score is near to 18, he is least satisfied and if the score is near to 126, he is most satisfied with the car. If the decision makers, especially manufacturers of the car see a score near to 18, they can identify which items was rated low and high by the customer. With this, he can modify that feature so as to ensure cumulative customer satisfaction with the car.

The customer satisfaction with dealer includes the customers encounter during the purchase experiences. It is mainly depends on marketers or dealers specific items that customers give consideration for their satisfaction with the dealer. Researchers validated 22 items under five dimensions that customer
should be satisfied to ensure cumulative customer satisfaction with the dealer. These 22 items were arranged with a 7 point scale in the instrument. The range of the cumulative customer satisfaction with the dealer is 22-154 (22 items, score may be 1 to 7 for each item, minimum would be 22x1, maximum would be 22x7). If the customer gives a score near to 22, he is least satisfied and if the score is near to 154, he is most satisfied with the dealer. The marketers or dealers of the car have to play a significant role as they are dealing with the customers. The decision makers such as dealers or marketers of the car get a score near to 22, they can identify the items least rated by the customer. By focusing on such items, they can improve cumulative customer satisfaction with the dealer.

The cumulative customer satisfaction model can be operationalised by collecting the cumulative satisfaction with the car and cumulative satisfaction with the dealer through the instrument designed in the study. The users have to add the ordinal response of the items in the scale that gives a cumulative satisfaction score. The score would be in between 40 to 280 depends on the level of customer satisfaction (total number of items in both the scale is 40, which was multiplied by the ordinal response that would be in between 1 to 7). If the score is near to 40, the customer would be least satisfied and if it is near to 280, the customer would be most satisfied. As the item specific responses were collected, the users can diagnose the items cause to least satisfaction and
most satisfaction. The decision makers can modify such items causes least satisfaction to its customers in order to ensure cumulative customer satisfaction that becomes a better predictor of repurchase intention and word of mouth.

5.4 Recommendations

Through the critical review of the literatures, data analysis and discussion of findings, the researchers were able to make some recommendation to the industry. The recommendations were channelized to manufacturers and dealers as both have identical role to satisfy the compact segment car owners. The manufacturers of compact segment cars should ensured that the product features are capable enough to protect their market share from competitors. The dealers have direct contact with the customers that ensure the smooth operation of their car. So both manufacturers and dealers have to take care of the following recommendations:

1. The findings of the study states that most of customers of compact segment cars are highly educated and such customers might have detailed evaluation of encounters with the product and dealers. The dealers should be care while interacting with such customers.

2. The promotional activities might be direct to not only the actual customer but also the near and dear such as friends, family members,
colleagues, etc. The analysis of the research states that 90% of the compact segment car purchase was influenced by the nearby people of the customers.

3. Business people and private sector employees are the major customer group of compact segment cars. These customers belong to ‘busy group’ and don’t ready to spend much time for the maintenance of their car. So, the manufacturers and dealers have to ensure that their product demands less maintenance compared to competitors.

4. The various attributes deciding the performance of the car such as mileage, driving comfort, accessories, speed and running condition of the car should qualitatively positioned with the product. Customers are highly sensitive with the performance of their car.

5. As the research in engineering and technology brings innovation in the technical side of the compact car, it is the manufacturer who has to converge themselves for the most modern techniques in their car. The competition in the compact segment car is not confined in domestic, but internationally recognized players are dealing with these cars. So the manufacturer should have some uniqueness in their car.

6. Customers are highly sensitive on the space, maintenance, design, etc. of their car. They demands more comfortable with less price. So the
manufacturers should be cautious about the customers’ requirement and equip such general features in the car.

7. Most of the users of compact segment cars stem from an age group of 30 and above. They are highly focused on the safety feelings, resale value, maintenance, etc. of their car. The manufacturer should mind these aspects while designing the car.

8. The dealers of compact segment car should maintain good relationship with its customers. They have provided information genuinely, updates them and doesn’t try to enjoy the lack of awareness of the customer to persuade them for purchasing the car. These customers would recognize and review their experiences that will affect the future customer preferences for the dealer and product.

9. The customers favor convenience always. The purchase of their car, its services, proximity to the service centres, etc. determines a person to be the customer of a car. They prefer such manufacturers having enough showrooms around him as the troubles with the car would be redressed very easily. So the manufacturers and dealers ensure the convenience to its customers.

10. The survival of any organization is based on after sales service. After purchasing the car, the customer should get enough support from its manufacturers and dealers so as to use the product smoothly. The
spares of the car should be available easily with fewer prices. There are some manufacturers who sell the product at competent price but charging exorbitant price to its spares. It is unethical and customers might be turn to spread negative word of mouth about the product.

11. The customers complained should be responded timely. If a customer approach the dealer for certain service, he should be treated well and the dealer make him feel that the problems would be redressed soon. The trust should be exhibited while dealing with the customers. The loose talk, high pitch voice, laughing at the time of explaining complaints by the customer, etc. should be avoided and the employees of the organization should consider the customer with full happiness.

12. Even though the dealer and the manufacturer of the compact segment car show full commitment, the customer perception about them may be varied. As per this study, it can be noticed that, if the dealer and the manufacturer provide their maximum than the competitor, the customer perception would be favorable and he will recommend the car to his friends and colleagues.

5.5 Scope for further research:

The cumulative customer satisfaction model developed by the researcher has been validated in compact segment car market. It has been demonstrated that this model would be a useful tool for ensuring cumulative customer
satisfaction with the most competing market segment, the compact segment market. The further research required for expanding the applicability of the model has listed below:

1. It is suggested that this model may be administered in other automobile segment such as small car segment, premium segment, etc. with certain rewording and customization of the instrument. For this, another research is required to model validation.

2. This model can be used to the industries experiencing high customer involvement during the purchase process with required customization. There would be industry specific variation in purchase involvement. So a separate research is required with different industry.

3. The model would be useful for benchmarking the companies and dealers in respect of cumulative customer satisfaction and can compare for achieving customer satisfaction. The customers’ expectations might be differ in various culture and socio economic background. So a research accommodating all these aspects would be more useful.

4. Further research can be undertaken to study the differences of organizations competency level for getting customer satisfaction.
5.6 Conclusion:

This research was started with the main intention of developing a cumulative customer satisfaction model to assess the source and effect of customer satisfaction in compact segment car market. An instrument was developed through literature review, personal interview and expert opinion. The statistical validity of the instrument was ensured. By using this instrument, survey was conducted with compact segment car owners of Kerala. Various hypotheses were tested and the results compared with literature. Through the research it is concluded that the model developed is capable of assessing the level of customer satisfaction with its causes and effect. The manufacturers and marketers of compact segment cars can use this model as a reference for satisfying its customers. A new player in the compact segment car industry in Kerala can use this model to understand the customers’ expectation so as to arrange the product and dealers for grabbing the market share and ensuring customer satisfaction. The academicians and scholars can use the model, and the instrument based on this model to critically review and assess customers’ preferences during the purchase of a highly involved product such as compact segment cars.

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