CHAPTER 5

STUDY OF CUSTOMERS SATISFACTION
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5.1. INTRODUCTION

This chapter deals with the issue related to nature, scope and limitation of after sales services of dealers.

5.2. CUSTOMERS SATISFACTION

India is one of the largest growing economies in the globe and one of the apex five nations as a far purchasing power of the population is concerned. Now, just about seven of every thousand people in India own a car. When compared to ownership in Australia with over 500 cars per 1000 people, and North America at over 600 per 1000, this statistic represents immense growth potential. Still if the company wants to survive and grow in the increasingly complex automotive business, car manufacturers and dealers will have to make stronger their focus on satisfying customer desires and expectations. At the retail level, many presume that customers are always looking for a good bargain or a good deal. But on the other hand recent research studies have shown a different picture that most customers look for the five E's - Empathy, Energy, Efficiency, Expertise, and Ethics. Trends demonstrate that customers are willing to spend money, as long as quality of service is guaranteed. A smart marketer needs to repeatedly remind and assure customers that they have made a wise decision by purchasing particular make and model of a car.

Rising income levels of people, reducing interest rates by financial institutions, greater awareness and availability of global products & services and a growing consumerism are rapidly changing the market dynamics in the country. Cities like Pune, Indore, Chandigarh, and Ahmedabad are getting transformed and are experiencing much faster pace of growth.
India is emerging as a top priority country for almost all the companies across the globe. Foreign companies are coming to India with their world-class manufacturing processes, products and are making the market more and more competitive.

While investigating into the basics, the buying process begins when a customer recognises an unsatisfied functional or psychological want. While functional wants are directly related to the performance of the product, the psychological wants are associated with the personal gratification, the customer gets by purchasing the product. Customers weigh factors like economy, value, convenience, choice, and the overall retail experience.

The automotive customer lifecycle is broadly divided into the sales, after-sales, and the resale experience. At Ford, with more understanding of the business and customer needs, the company has taken special initiatives to truly enhance every phase of the lifecycle. To enhance the purchase experience, Ford has embarked on a global corporate identity programme, titled Brand@Retail Specifically designed to increase customers satisfaction, to ensure a superior brand and purchase experience. This program provides consistent representation of the brand's identity at the retail level. All Ford dealership facilities across India, will have the Brand@Retail environment which could be compared with any other Ford dealership experience across the globe.

The bigger challenge in the present marketing environment is retaining the customer. It is proved that retaining of old customers was 5 times easier and 15 times cheaper, than acquiring a new customer. From last 2 years Ford India has launched 'Ford CarGainz' - an innovative programme in the automobile industry, exclusively designed for the Ford vehicle owners. It is a novel kind of idea in India which displays Ford's strong focus and commitment to customer satisfaction. It is a customer loyalty programme that rewards servicing, regular maintenance, and the purchase of accessories from Ford authorised dealers or service centres only. By rewarding customers maintenance procedures through
authorised Ford dealerships, CarGainz seeks to educate the consumer on the risks they incur with non-genuine spare parts and local unauthorised service centres. CarGainz helps Ford owners enormously by supporting them to maintain their car as per prescribed frequencies, thereby getting the best performance from vehicles and earning a higher value at resale.

Moving forward, auto makers realise that innovation would need to be the catalyst for greater growth. Customers are demanding new and improved features and care especially about their value. Car spare parts and components should be competitively priced and the dealers should change their approach from repair house to replacement approach during the after-sales period. A QualityCare programme by Ford Motors certifies dealers and certified dealership delivers consistent service standards that are measured against set benchmarks. Dealerships are regularly audited for sustaining Ford to evaluate that the dealers were providing services as per QualityCare standards. When the dealers start to follow such kind of initiatives by customers as a focal point, it gets reflected in every aspect of marketing and finance.

5.3. SATISFACTION INFLUENCE ON ROI (Return on Investment), STOCK PRICES AND SHAREHOLDERS VALUE

The empirical studies were conducted based on customers satisfaction measurement models by using the data acquired during models testing and implementation of the same in order to evaluate if there was a positive correlation between increased satisfaction and ROI, stock prices and shareholders value.

The Swedish customer satisfaction barometer index, showed what was the effect of increased satisfaction on ROI. The results of the study conducted by Anderson, Fornell and Lehmann (1994) was the first, large sample evidence, that customers satisfaction was related with the companies performance.
Further studies conducted on Swedish Customer Satisfaction Barometers (SCSB) by Anderson, Fornell and Rust (1996) proved that it was quite difficult for the service companies to satisfy their clients than it was for the production companies. Such difference may be related to the fact, that it is much easier for a consumer to distinguish between and objectively evaluate the quality of the product rather than the service. Fornell and Larcker have analysed the correlation between satisfaction and stock prices. The results of their study prove that a one percent change in the satisfaction index translates into about seven percent change in the shareholder value (Gronholdt, Kristensen, Martensen, 2002).

Similar studies were conducted on American customers satisfaction Index (ACSI). The study results confirmed that there was a relation between satisfaction levels and the stock prices. Companies with highest customer satisfaction indexes earn return on stock price of 1-2 percent per month above the average return on the market (Gronholdt, Kristensen, Martensen, 2002). To summarize, the relationship between customers satisfaction and ROI, share value, shareholder value, it could be stated that the customers satisfaction is positively correlated with financial results.

5.4. CUSTOMERS RETENTION IMPACT ON BUSINESS RESULTS

Satisfaction is a precondition for customers loyalty and maintenance. In other words, if customers were satisfied with the product or the services provided by the dealer, it is possible, that they would be loyal to the dealers and their loyalty would be transformed into repeated buying. Repeated buying is a precondition for increasing the financial results for the company, which implies that the customer retention was profitable for the organization. Going further, the benefits by retaining the customers are larger than from acquiring new
ones as the costs associated with current customers was lower as compared to new customer.

This point has been supported by Reichheld (Johnson, Herrmann, Huber, Gustafsson, 1997), who has been discussing effects of customers retention on business performance.

5.5. DISSATISFACTION INFLUENCE ON BUSINESS PERFORMANCE

In the present scenario, if dealers do not perform as per the expectations of the customers and observe declining satisfaction, then it was difficult to stop the dissatisfied customers. Based on Hirschman’s theory (Johnson, 1996), dissatisfied customers may react in two ways – they may either voice or exit.

Customers going to competitors is the worse consequence of customer appraisal of product or service offering. In such situation, the organization looses customers, which results in declining sales and profits for the company. Moreover, such customers will most probably express dissatisfaction through word of mouth to other potential customers. In other words, dissatisfaction has a direct effect on the organization business but it may also have an indirect effect on the business in the form of negative word of mouth. Therefore it is of extreme importance for the company to handle in the right manner second possible reaction of dissatisfied customers – customers voice.

If a customer is dissatisfied, before he or she exits, he or she could also forward their complain to the company. Depending on how their complaint is handled – whether in satisfactory or unsatisfactory manner, they would either exit or remain with the company.

However, if the economic environment changes, competition increases and more interesting offerings appear, dissatisfied repeaters are likely to switch to those new options. Specially in maturing economies, the industrial growth is slow. When markets are saturated with competing, comparable products or services, it is important to adopt defensive
strategy. Defensive marketing concentrates on customers retention by either increasing customers satisfaction or by building switching barriers which is opposite to offensive marketing, which focuses on increasing market size and building market share. Majority of the companies adopt a balanced mix of both strategies - acquiring new customers and retaining the current ones.

5.6. ANTECEDENTS OF CUSTOMERS SATISFACTION

Satisfaction has its antecedents or drivers, which influence the satisfaction levels. In general, there are two major drivers of customers satisfaction product performance, which includes both product quality and product value.

If performance increases over constant expectations, there is a positive disconfirmation, which positively influences satisfaction. However, if expectations grow above constant performance, there is negative disconfirmation of expectations and satisfaction decreases. Such transaction specific gaps are than aggregated into an overall customers satisfaction (Johnson, M.D., 1996).

Within the performance model, expectations of product or service performance are similar to product image, which is based on either personal experiences with the product or information and opinions heard and learned from other users.
Most of the customers received delivery of their vehicles within 7 to 15 days after booking. Some received it after one month of booking. For fulfilling special requirements of the customers it even took more than a month. Expectations like delivery of the vehicle is very vital as customers have great deal of attachment about delivery on special occasions like diwali. Now the dealers are more flexible about delivery schedule because of information technology available at hand.

Moreover, expectations should have positive impact on perceived performance, which means that expectations are able to predict current level of performance. In addition, if expectations are strong, than they shall positively influence the perceived performance, hence in such cases the evaluation of performance may be far from real performance level.

5.7. CONSEQUENCES OF CUSTOMERS SATISFACTION

Satisfaction does not mean only its driving performance and expectations, but also includes its results in loyalty and retention. Those two consequences are correlated with each other, but are at the same time distinct results of customers satisfaction.
Graph No. 5.02
Graph Showing the Recommendation made by the Customers to others regarding their Dealers Attitude

Source: Questionnaire

Graph No. 5.03
Graph Showing the Recommendation made by the Customers to others regarding their Dealers Attitude (Dealer-wise)

Source: Questionnaire
Recommendation is considered as one of the vital factors or indicators of customers loyalty. When the possibility of recommendation is high, one can expect repeat purchases from customers or positive word of mouth which is a highly attributed source of information. In the present study 82% of the Customers said that they would positively share their experience with others regarding their Dealers attitude, 17 % were neutral and did not feel like sharing their dealers experience with others.

The customers of Deccan Honda, millennium motors, Pandit auto, Asset Auto and Europa Auto said that they would positively share their experiences with their friends about their cars performance whereas the customers of Pandit Auto, Silver Jubilee, Asset Auto and Talera Ford were not very enthusiastic in recommending their cars to others.

![Graph No. 5.04](image)

**Graph No. 5.04**

**Graph Showing Customers Overall Satisfaction with their Dealers**

Source: Questionnaire
When investigated about whether the customers were satisfied with their dealership 48% of the customers said that they satisfied with their car dealers, 45% were highly pleased with them whereas 6% remained neutral. The Customers from Deccan Honda, Millennium Motors, B U Bhandari Auto Ltd, Pandit Auto and Asset Auto were found to be strongly satisfied regarding the services provided and after sales service of the dealers. Customers of DSK Toyota, Pashankar Auto, Talera Ford, Kothari Hyundai, Planet Ford and Chougule industries were not much pleased with their dealers hence steps should be taken to overcome their short workings immediately before it is too late.
5.8. CUSTOMERS LOYALTY - VITAL FOR FUTURE GROWTH

Loyalty is only expressed psychological predisposition toward purchasing and/or using a particular product/service once again, however it does not guarantee a success to an organization measured as customers retention. In other words, loyalty is a high expressed likelihood of repurchase or willingness to pay a higher price, but does not mean, that customer will repurchase from an organization (Johnson, M.D., 1996). There are various reasons, due to which loyal customers or the one, who expresses the loyalty attitude, in the end switches to competition.

As the world is changing, customers are exposed to new information during the consumption repurchase process. The customer receives information about the new offerings and is exposed to word-of-mouth information. As a result, even though the customer is satisfied with the current product and expresses to be loyal, external markets conditions may influence his decisions and he or she may switch. On the other side, even though a customer is exposed to external information and knows other options, he may stick with the current brand and repurchase. But such case will happen most often by habitual, daily purchases. In cases of durables such as the automotive industry, companies need to make sure, that they have the absolute competitive advantage and that no other brand was capable of attracting current customers.

The level of satisfaction or dissatisfaction strongly affects and predicts customers loyalty and as a result customers retention, however it guarantees nothing, as even satisfied customers may switch to competition. Therefore in order to retain customers, companies need to continuously improve current offerings, present revolutionary and innovative products and constantly deliver higher customer value. In other words, satisfying a customer is a constant process, which means that new and better ways needs to be found to satisfy customer needs.
To summarize, customers satisfaction is an important concept for business performance and has measurable impact on business results. It is due to the fact that satisfaction influences loyalty and consecutive retention. In other words, dissatisfied consumers may substantially negatively impact business results. Therefore, it is of extreme importance to measure the current satisfaction levels to be able to spot problems, eliminate them and deliver improved products and services to customers in order to lift current satisfaction levels. The growth potential of the industry in India will remain high, considering the boom in services industry, growth in double income families, emergence of families with multi-ownership of vehicles and most importantly, lack of effective means of public transport. Cheaper and easy availability of financing options will continue to contribute to the growth of the industry. All these factors coupled with wide range of product offerings have not only attracted new customers but also repeat buyers, replacing their bike more frequently, every three to five years.

Companies need to constantly improve and innovate to cater to the rapidly changing needs of the customers. When the market gets aggressive in terms of intense competition and pricing, the class of services and products tend to take a back seat. Those familiar with better understanding of perceptions, preferences and attitudes of their customers, have better chance to tap the growth potential. (Joanna Waligóra, Robert Waligóra, 2007),

Some of the reasons for making a first time customer a lifetime buyer apart from strengthening position in the market are:

- The marketing costs go down as a loyal customer recommends to his friends.
- Dealer is better protected from price competition as loyal customer looks for 'hassle free interaction' than one time price cut.

Today organizations across sectors have customer centric strategies having a focus on customer satisfaction. Automobile industry is not an exception to it. Companies are not
concentrating on customers satisfaction because it is not suffice. Instead customer delight is
the recent target companies and dealers want to achieve and want to sustain the hold of
satisfied and delighted customers. This change from customer satisfaction to customer
delight is an outcome of recognition of importance of loyal customers for long term growth
and sustainability. Customer delight has gained importance in today’s business as it can be
traced to Vision, Mission statements of majority of automobile companies as follows:
Maruti’s Vision: “The leader in the Indian Automobile Industry, creating Customer Delight
and share holder’s wealth; a pride of India.
Customer satisfaction is a state of mind of a customer which is an outcome of fulfillment of
expectations, whereas customer delight is a state of experiencing something extra than the
committed and delivered. Impact of customers delight is long lasting as compared to
customers satisfaction. Delighted customers are more active in mouth publicity and adds
value to organization by self promoting the brand. It helps to increase a loyal customer base
with referral business. (Oliver, R.L., 1997),
Fundamentally delight is seen as a post-purchase emotion resulting from the consumer's
assessment of product or service performance and is assumed to be an extension of
satisfaction characterised by positive affect.
When products fail to live up to expectations the customer experiences dissatisfaction.
When the product purchased meets expectations, these expectations are confirmed and the
customer feels satisfaction. Positive emotions, including delight, are thought to occur when
customer’s expectations are exceeded, or positively disconfirmed.
The following points are necessary to pay attention to the importance of Customers and
necessity of keeping and maintaining the customers:

1. The cost of attraction of a new customer is five times more than to the cost of
   keeping old customer.
2. Two percent of increase of customers requires ten percent of decrease of costs.
3. To be trustworthy for customers, it's necessary to promise less than our ability and act more than our promise.
4. 98 percent dissatisfied customers go to the competitors without complaint.
5. Dissatisfied customer finally leaves our organization and after their separation from company, expresses their dissatisfaction to eight people.

Customer satisfaction is a hygiene factor in any form of business. The customers are setting new standards and meeting them in the shortest time becomes critical. Increased competition coupled with high input costs erodes the profits. Customers who are delighted with their sales and service experience at the dealership would recommend to other people only when solicited. If customer satisfaction is a norm that marketers should strive for, in the long run it can only be based on the trust, which will lead to loyalty. It is just not enough to produce quality products by the manufacturer. Quality is taken as a granted phenomenon. Quality of services should be increased to beat the competition. This quality building exercise and cost cutting at the same time are contradictory processes which dealers have to follow. In the present study, 41% of customers were satisfied with the labour charges charged for the services rendered by the dealers, 24% were strongly satisfied and 23% preferred to stay neutral. It is seen that 11% of the customers were not satisfied with labour charges levied as they felt that the labour charges charged were quiet high.

CSR (Customer Service representatives) are the differentiating criteria of bad dealer from a good one. In the period of technological innovations, massive investment in infrastructure and great ambience, CSR can help in pulling the customers and create loyal customers.
Customer Service representatives are the face of the dealers and the company so their quality of knowledge, cooperativeness and accessibility plays a crucial role in selling and in the brand development process. In the current study, 63% of the customers graded professionalism of customers service representatives as good, 16% graded it very good, 14% graded it as fair, while 5% quoted it as poor. Only less than 1% said that professionalism was found to be totally absent. The post sales customer experience plays a huge role in gaining the trust. Products being equivalent, one which provides a better experience and relationship with their customer is the winner.

- Quality: It's hard to build long-term brand loyalty, when short-term quality is below par.
- Offer differentiated, hassle free service, which should help in building trust and relationship with the customer.
- Give the customer the true ownership feel of the product or service, by making them proud of their purchase and ownership.
From sales strategy to marketing strategy, technology has completely brought metamorphosis in the way dealership is done and more importantly the value of the customer in entire value chain. Today, managing the customer relationship has become the single most important dimension of enterprise strategy. Customers are contacting, getting informed and complaining online.

Added to this, economic progress, rising prosperity, urbanization, consumerism and media proliferation are resulting in a competitive environment which places customers in the driver's seat of the sales transaction.

Along with the receptive economic mood, there is an explosion of new vehicles with more value and features than ever before. As the market grows in size, one is also witnessing a blurring of conventional segmentation and emergence of newer, multipurpose model types designed to address the consumer's changing aspirations and usage patterns. With so much available at the click of a mouse, it is also not surprising that customers are now becoming as informed as the sales staff at dealerships. For dealers in the automobile sector to be effective, requires a consistent focus on fulfilling and exceeding customers needs and expectations.

As the demands increase, the customer has the prerogative to decide what to buy, how to buy and from whom to buy. Customers will soon make the same demands for efficiency and quality from dealers as they do of automakers. Those dealers with effective communication with customers throughout the vehicle ownership cycle will gain an advantage. Any service provided by dealer right from selling a vehicle, servicing, finance, insurance has to be oriented for the customer's benefit. To romance the customer, dealers will need to build loyalty through improved employee management skills. Staffing is a critical factor in the success of any retail organization. Retail staff represents the face of the brand and they need to be empowered with the product knowledge and have to deploy a host of verbal and
psychological techniques to motivate customers into buying. To create a service orientation, an employee needs to be provided with on-the-job training as well as interpersonal on an ongoing basis. Motivation of employees involves empowering leadership responsibilities to the team, setting goals for them and maintaining their morale. Automotive retailing in this decade will continue to be heavily dependent on information technology. One has to learn to own customers data and extract information from it. Learn to mine it and maximize it. To sustain and improve performance, dealers will need to convert their repository of information into a competitive advantage to optimise operational efficiency. One will have to formulate sales strategies based on what customers want to buy rather than the traditional way of managing to sell what is in the inventory.

The Indian customer is now exposed to automobiles with new models and variants, with top quality standards and upgraded technology. Their innovative designs and dynamic performance makes driving an enjoyable experience.

Diagram No. 5.01
Diagram Showing the Source of Information about the Car Dealers in the City

Source: Questionnaire
The study indicates that the Word of mouth [39%] was a vital source of information, followed by newspapers [28%], customers felt that distribution of Pamphlets [23%] was equally important while 9% of the customers said that they came to know about their car dealers through hoardings followed by TV advertisements [1%]. These sources of information along with their demographic details can be utilized for focused targeting. It is clear from above statistics that mass media in this case was good for informing the society but in case of actual purchase, customers normally always refer to the recommendations given by the people and friends. The market has changed from a sellers' to a buyers' market. The customer has welcomed this shift from “selling place” where customer was needy about the information and getting of the vehicle to the “marketing place” where the dealers gives them lot of choice for selection. The 3 Cs'-Change, Choice and Competition revolutionised the profile of the customers, gave them the focus when everyone in the industry was emphasising on what the customer needs, what are their wants and demands. For both manufacturers and dealers, customer is the only source of sale, profit and growth; therefore, the customer is the king, the ruler and the market is its empire.

A Customer wants a total solution for his transport needs in the form of great efficient car and better service with both functional and emotional benefits along with integrated services and facilities, both tangible and intangible-all packed to give him a wonderful experience. Earlier, the customer was satisfied just with the car but, he is now looking for a Total Hassle-free customer sales experience and driving pleasure. The customer is not just looking for highly technical vehicle and superior support services but also a relationship resulting from a multiplicity of company activities.
Diagram No. 5.02
Diagram Showing the Important Factors affecting the Selection of a Car

When asked about which factors influenced the purchase of a car. They quoted a long list of expectations which shows that segments are not unique and customers expectations from a car were diverse. For the present study performance [20%] of car is the most influencing factor for purchasing followed by Comfort [19%] Performance of car [17%]. Price of the car [13%] is equally important. Mileage of the car [11%] is preferred as important followed by its features [8%], looks and maintenance cost [6%].

Dealership appears to be an unsatisfactory physical convergence of distinct skills including, logistics, financing, post-sales care. (Richins, M.L. and Bloch, P.H. 1991), Customers are increasingly molding themselves into 'segments of one'. Given half a chance, they would love to specify their product in the greatest permissible detail. This emotional high may easily overwhelm the more rational considerations of price and resale value and any other
such mental considerations. And I wouldn't want to bet against their willingness to wait a few weeks for their personal set of wheels.

In the present study 40% of respondent strongly agreed that dealers do have state of arts workshop with all facilities, 50% respondents said they agreed with the statement while 9% stated that they are neutral and less than 1% said that they disagreed with it.

Customers of Deccan Honda and DSK Toyota, Asset Auto Pvt. Ltd., Millennium Auto Pvt. Ltd. Pandit Auto., B.U Bhandari strongly agreed that their dealers do have state of art facilities at their workshop

In the ongoing study service advisors employed by the dealers were easily accessible as less time was required to meet them. At all the dealer points, advisors were accessible and customers said that they could meet the advisors instantly.

The study reveals that the customers were satisfied about the breakdown vehicle service facilities. On the other hand many customers displayed unhappiness about the same which suggests that great improvement, in this facility needs to be done.

Satisfied Customers are ensured through distinct initiatives that are aimed at meaningful events in the pre-sales, sales and post-sales processes.

The automobile industry has witnessed an unprecedented growth in the last 20 years. The Indian market opened up to the global auto majors as a result of the Government policy of LPG (Liberalisation, Privatisation and Globalization). A country of billion people woke up to the world outside. The Indian customer is now exposed to automobiles with new models and variants, with top quality standards and upgraded technology. Their innovative designs and dynamic performance makes driving an enjoyable experience. The market has changed from a sellers' to buyers' market.

The customers welcomed this "CHANGE" and enjoyed the "CHOICE" made available to them by the "COMPETITION". These 3 Cs'-Change, Choice and Competition
revolutionised the profile of the customer. It gave the customer the focus when everyone in
the industry was emphasising on their needs, wants and demands. For the both
manufacturers and the dealers, the customer is the only source of sale, profit and growth;
thus a CUSTOMER means the BUSINESS.

A Customer wants a total solution to his transport needs in the form of High Value Product
and High Value Services with both functional and emotional benefits and with integrated
services and facilities, both tangible and intangible—all packed to give him a wonderful
experience. Earlier, the customer was satisfied just with the product but, he is now looking
for a Total Hassle-free Customer Sales Experience and Driving Pleasure. The perception of
"Feel" of the customer is as important as the product and the services offered to him. The
customer is not just looking for highly technical products and superior support services but
also a relationship resulting from a multiplicity of company activities that combine to form
a strong bond with the customer - "One that is Emotional As well As Rational".

The 3 Cs'-Change, Choice and Competition have revolutionised the profile of the customer
in a way because "Share of Customer" is now more important than the "Share of the
Market" and Customer Satisfaction is a journey rather than a destination. So it is a
continuous process to be repeated in the business if one does not want to loose customers to
their competitors.

Customer Satisfaction is no longer enough to survive today's competitive market. Those in
the auto trade are looking for Customers' Delight and further to that adding little extra. Such
services can turn a customer to "Customer for Life" and "Once a Customer will Always a be
Customer. It is a reality. The ongoing process is to meet the customers' needs and
behaviours, in order to develop stronger relationships with them. Good customer
relationships is considered as the heart and soul for the success of business. All companies
are focusing on the processes engineered to build relationship with the customers by
knowing their preferences, budgets and shopping habits and by also understanding their profitability.

Manufacturers are competing to give the best of the Product at the best price and give the best Promotion Activities which are the 3 Ps of the Marketing and the 4th P - Place - The Distribution Place. The dealer has to add new dimensions to the product by offering superior quality services and a long term Relationship Bondage with the Customer. In the current automobile scenario, the dealer is the Single Point of Contact for all customers whether it be selling or servicing. So to reach out to any customer, the manufacturer has to focus on this channel.

Dealers and the manufacturers are in the business together in order to meet the needs of the customers profitably. They both can only achieve this profitability if they are able to create superior Customer Values required in the process of acquiring and retaining customers. The dealer can be considered as the First Customer of the Manufacturer. The dealer is the active stakeholder in the distribution channel of the manufacturer. A dealer and the customer are the mirror image in terms of Expectations. So a smooth selling would demand equilibrium between a Dealer's Expectation from the Manufacturer and the Customer's Expectation from the Dealer. There would be little difference - "Manufacturer - Dealer Relationship" should generate profit and "Dealer - Customer Relationship" should additionally bring satisfaction and delight in the process of creating Superior Service Values. A harmonious relationship between the three can jointly and effectively meet the customers' expectation. It is not enough to give the tangibles to the customers, but it is equally important to provide the intangible in order to affect the sales because customer is looking for total sales experience and not just a delivery. The experience has to be such that the customer is elevated from the Driver's seat to a King's throne. This further increases the importance of the dealer in attaching emotional tinge to the sales process. Therefore, the dealer plays the most
important part in Retaining and Acquiring Customers by using his Skills, Knowledge and Attitude.

Graph No. 5.07
Graph Showing Customers Views about the Amenities Provided to the Customers in their Waiting Section

Source: Questionnaire

Today Ambience and area are becoming very fundamental factors which give satisfaction. The study reveals that 40% of the customers were satisfied with the amenities provided in the waiting section of the customers, 29% were strongly satisfied whereas 22% preferred to stay neutral, only 5.6% were dissatisfied and shockingly 2.6% of customers were highly dissatisfied with the amenities provided.

Customers of Millennium Motors, Deccan Honda, Asset auto, Europa Auto were found to be highly satisfied with the amenities provided by the dealers, but the remaining dealers were having the “Satisfied tag” – DSK Toyota, Kothari wheels, Talera Ford, Chougule industries were found to be prominent ones in this list. Majority of the DSK Toyota customers have reported total dissatisfaction regarding the amenities provided to them.

The positive influence of customers satisfaction on brand and dealers loyalty is often taken for granted. Three different types of customer satisfaction were: (a) satisfaction with the car;
(b) satisfaction with the sales service and (c) satisfaction with the after-sales service. It was expected that all three types of satisfaction would have an influence on the brand loyalty as well as on dealers loyalty. Satisfaction with the car would be the major determinant of brand loyalty and that satisfaction with the service (both sales- and after-sales service) would be the major determinant of dealers loyalty. Dealers loyalty might also significantly affect brand loyalty.

Customer satisfaction with the car, as well as dealer loyalty is major determinant of brand loyalty; customer satisfaction with the sales service as well as with the after-sales service are major determinants of dealer loyalty and dealer loyalty is an intervening variable in the relation between satisfaction and brand loyalty. Furthermore, it was found that the strength of the relationship between different types of satisfaction and loyalty indicators differs remarkably between various market segments.

The satisfaction with a dealer, along with the satisfaction of the car has an effect on the dealers and brand loyalties.

Customer satisfaction is one such important antecedent of brand loyalty behaviour. In studies of customer satisfaction, little attention has been paid to the relationship between customer satisfaction and different ways in which satisfied customers might express their satisfaction.

A study made by Bloemer et al. (1990) revealed that there are only a few studies in which the effects of satisfaction on brand loyalty were investigated. In a study of Newman and Werbel (1973) it appears that brand loyalty varies directly with the satisfaction with the old brand. However, a closer look at these findings indicates that the correlation is not perfect, in the sense that not all satisfied customers will be brand loyal. Similarly, not every consumer who is not fully satisfied appears to be non-loyal. La Barbera and Mazursky (1983), Garfein (1987), Kasper (1988) and Woodside et al. (1989) reports similar results.
There are a number of studies of store loyalty and the inter-relationship between brand loyalty and store loyalty. In general it may be concluded that store loyalty is an intervening variable between satisfaction with the product/service and brand loyalty (Cunningham 1956, 1961; Carman 1970; Tranberg and Hansen 1985; Bloemer et al 1990).

**A Simple Model of Satisfaction, Brand and Dealers Loyalty**

![Diagram](image)

**Source:** Jose M. M. Bloemer Jos G. A. M. Lemmink

Dealer loyalty is an intervening variable in the relationship between satisfaction with the after-sales service and brand loyalty. While satisfaction with the sales service also has an impact on dealer loyalty, the ultimate effect of satisfaction with sales service on brand loyalty is relatively low. For different market segments the strength of the relationship between the three types of satisfaction and brand loyalty in respect of dealer loyalty differs significantly.

For the business segment of the market the effect of satisfaction with the after-sales service on dealers loyalty is larger than for the private segment. Also, the effect of satisfaction with the after-sales service, relative to satisfaction with the sales service, is much larger for the business segment in comparison with the private segment. This means that for the business segment after-sales service is relatively more important than sales service.
The quality of the physical product is very important in gaining brand loyalty and should therefore be strictly monitored by the manufacturer. It is the duty of manufacturer that the dealer provides excellent service in order to gain brand loyalty. The dealer should not underestimate the importance of the contact personnel in creating loyalty via their behaviour and their way of rendering various services. The importance of the after-sales service differs substantially between customer segments. Dealers should be aware of these differences in order to stress the appropriate service areas for each segment. Satisfaction with the service as well as satisfaction with the products is essential for creating and maintaining brand loyalty.

With the advancement of technology, the customer expects the product to have innovative features, latest designs, dynamic performance and superior after-sale service package. The customers want the integrated service of Sale, Service, Spares, Finance, Insurance, Claim Settlement, Body Shop, and Machine Shop - all under one roof. They want a fully equipped workshop, full range of spare parts inventory, 24-hour service facility, toll-free call centres, and all-time service to give the Customer an UPTIME of 365 Days to his vehicle. The Customers now do not need Warranty, but, a Customized Annual Maintenance Contract to ensure them of the after-sale service expectations. In order to meet the expectations of the customers, the dealerships' viability has become questionable.

5.9. CUSTOMERS SATISFACTION MEASUREMENT SYSTEMS

Referring to customers orientation strategy, an organization, which recognizes the need to make its customers more satisfied, shall first develop the customers satisfaction measurement system in order to evaluate current level of satisfaction and be able to translate findings of the study into the specific improvement plans. For each organization, which is customer focused, settlement and implementation of the customer satisfaction measurement
system is a must and a major step towards customer satisfaction growth. (A.Veena, H.R.Venkatesha, 2008).

Before any satisfaction measurement system is implemented, an organization should get to know its customers better. This includes knowledge of demographic characteristics, such as age, gender, income, but most of all the set of customers’ personal values. The theory, which justifies the importance of the knowledge of customers’ values is the means-end theory. The theory explains how the choice of concrete product enables the consumer to satisfy his or her personal values.

It is observed from the study that 50% of the customers were using cars with petrol engines, 44% were using diesel engine cars whereas only 5.6% opted for petrol engine cars with LPG & CNG kits. These customers were sensitive to petrol and diesel prices. CNG is still not that popular in Pune City because of availability problems across the city. Diesel vehicles are preferred by customers to petrol vehicles, the reason being its low price. The reason being that all range of vehicles are available of diesel version right from small to expensive cars like Mercedes. Referring to the theory, customers consider products as bundles of attributes (Johnson, Herrmann, Huber, Gustafsson, 1997). During the decision-making process, they do not analyze the attributes of the offering separately, but they analyze all product attributes together as a set, and based on their perceived utility, customers make decision about the offering purchase. As a result, these are those attributes, which enable the customer to fill their wants. What drives customers perception of attributes utility and ability to satisfy their wants are the personal values in life, which the customers are trying to satisfy and which guides the decision-making process.

There are two types of utility assessment of the product which are connected with attributes of the product:
• Functional utility is the assessment of the concrete attributes therefore of physical characteristics of the product.

• Socio-psychological utility is connected with abstract attributes usefulness and results of non-measurable attributes.

Finally, the set of values is understood as series of individual standards, which remain constant over period of time and serve to formulate goals in life and put them into practice in everyday behaviour (Johnson, Herrmann, Huber, Gustafsson, 1997). In other words, personal attributes utility components set of values concrete abstract functional socio-psychological instrumental terminal values are the ultimate drivers of consumer behaviour and decisions. The study reveals that a customer places lot of emphasis on the availability of spare parts. Earlier the availability was deterrent factor of satisfaction and cost of genuine spares was high. So customers preferred local garages. Moreover authorized dealers were offering lot of discounts and offers on purchase of a car, especially in the period of economic recession, when it is difficult to push cars. Dealers were selected on the basis of discounts. Loyalty towards dealers is becoming transient.

The study reveals that almost all the customers who purchased cars took benefits of some kind of offers and discounts. They preferred to wait for offers and discounts which is an important aspect of decision making regarding when to purchase the car.

Based on the means-end theory, consumers choose products with attributes, which would produce desirable consequences and would respond to customers’ personal values. For instance, if social acceptability value is core to customer, than they would choose a car with high brand image, as driving the BMW would confirm their membership in a high class of society and would impress family, friends and colleagues and as a result will lead to feeling of social acceptability.
In general, consumers hold different personal values in their lives and based on those values, they make choices between offerings. Knowledge of customers’ values helps the organization to tailor its offerings to those needs and by that respond to them better than competitors. Customer expectations are increasing regarding turnaround time for service initiation and after-service vehicle pick-up in India, resulting in greater pressure on the infrastructure of the dealer networks. Generally performance is largely a result of company’s strength in critical operational measures, including performing the service work properly and thereby exceeding customers expectations.

Based on the knowledge of customers’ personal values and needs, a firm’s clientele shall be divided into groups, which will be homogenous inside and heterogeneous between the groups. Only such segmentation will enable to deliver products tailored to needs of each customer segment and lead to higher satisfaction of firms’ clientele.

Thus before satisfaction measurement system was implemented, creative and flexible research methods should be used to discover the hidden needs and values of customers. Most often qualitative methods used for this part of research was focus groups, face to face interviews, surveys, laddering methods and so on.

5.9.1 Basis for Customers Satisfaction Measurement

Because of the knowledge of customers needs, the dealer is able to evaluate, how well its current offerings serves the customers needs. Such evaluation should be done with the use of customer satisfaction measurement system.

Satisfaction measurement system is a vital element of customer research helpful in diagnosing customers satisfaction levels. Such findings are good direction about areas of products performance, which shall be improved in order to lift the satisfaction to the next level. Many companies have been measuring satisfaction levels on continuous basis. It has
been done in more or less advanced manner and most probably many tools mainly qualitative tools were developed to measure customer satisfaction.

The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommended rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products. A business ideally is continually seeking feedback to improve customer satisfaction. "Customer satisfaction provides a leading indicator of consumer purchase intentions and loyalty." Farris (2010). "Customer satisfaction data are among the most frequently collected indicators of market perceptions. Their principle use is twofold:" "Within organizations, the collection, analysis and dissemination of these data send a message about the importance of tending to customers and ensuring that they have a positive experience with the companies goods and services." Secondly, "Although sales or market share can indicate how well a firm is performing currently, satisfaction is perhaps the best indicator of how likely it is that the firm’s customers will make further purchases in the future.

Work done by Parasuraman et.al. Between 1985 and 1988 provides the basis for the measurement of customer satisfaction with a service by using the gap between the customer's expectation of performance and their perceived experience of performance. This provides the measurer with a satisfaction "gap" which is objective and quantitative in nature. Work done by Cronin and Taylor propose the "confirmation/disconfirmation" theory of combining the "gap" described by Parasuraman, Zeithaml and Berry as two different measures (perception and expectation of performance) into a single measurement of performance according to expectation.

For the present research of large number of questionnaires were studied. Summarising the information, it could be quoted that most of the instruments designed for measuring
customers satisfaction investigates three aspects – Automobile, Delivery and Sales Services and lastly After Sales Service.

A) Automobile characteristics:

1. Economically including price of automobile, the rate of decrease of price, Ease of resale and Mileage.
2. Automobile function including Speed, Suitable function of suspension system c)Safety including Suitable function of brake and Safety devices.
3. Comfort ability of driver and passengers including ease of seeing by driver, Comfort ability of chairs, Convenience devices of drivers and passengers, Cooling and hot system, Sufficient space for the driver and the passengers.
4. Car body and room including Beauty of external perspective of automobiles, Beauty of internal perspective of automobiles, Automobile dimensions mainly ground clearance, Variety and quality of colour.

B) Delivery and sale services: it includes the performable services, pre-sale services, on sale and after sale in the field of delivery and sale.

1. Correct and on time advise
2. Shortness of expectation time for automobile receive
3. The suitable treatment of personals of sale department
4. Delivery of automobile as promised

C) After sale services: Services that are presented in order to create and maintain satisfactions of customers can increase sales. It includes:

1. The cost of repair and replacement of spare parts
2. Repair quality
3. Ease of availability of spare parts
J.D. Power Asia Pacific India Customer Satisfaction Study SM (CSI) is conducted every year since the last 16 years. The study measures satisfaction amongst vehicle owners who visited their authorized dealership service centre for maintenance or repair work during the first 12 to 24 months of ownership. Overall customer satisfaction is measured on a 1,000-point scale, with a higher score indicating higher satisfaction.

As there are 3 main parameters on which inclination of a customer for a brand comes up which are as: A- Automobile characteristics; B- Delivery and sale services and C- After-sale services. Out of these; after sales service measured through J.D. Power CSI does shows to a good extent that there is positive co-relation between customer satisfaction, delight & market share however there can be other factors.

**Graph No. 5.08**
Graph Showing the Customers Opinion as regards the Availability of Genuine Spare Parts

Source: Questionnaire

The study reveals that 60% of the customers were satisfied that the dealers sell spare parts and accessories which were genuine, 30% strongly satisfied with the statement while 3%
were found to be neutral and only 6% were not satisfied that their dealer sell genuine spare parts.

Customers who have exhibited unhappiness or remained neutral about the use of genuine spare parts which indicates that use of genuine spare part is a sign of trust and faith about the dealers.

**Diagram No. 5.03**
**Diagram Showing Expected facilities to be received by Customers from their Dealer in Case of Vehicle Break Down**

The above diagram shows that the expectations of customers from their dealers. Most of them were novel for the dealers. So good bargain is not very crucial for the customers but other things are getting predominantly important and customers are getting transformed into segment of one when it comes to increasing expectations.

Consumer expectations started to rise in India after the entry of multinational corporations (MNCs) specially because of Japanese and Korean manufacturers entry to Indian market.
with their low cost cars combined with higher quality vehicles matchable with American players. After entry of foreign players quality gurus like Deming, Juran, Ishikawa started to visit India and agreed upon common definition of quality. They defined quality as what customer expect. (Reichheld, F.F. and Sasser, E., 1990), Customer started to get upper hand in the relationship with the sellers because of availability of crucial information like dealers margin in selling a particular car. (McDougall, B., 1992), "So in the negotiation process customers became a king which was not the case earlier. So now there are customers who know what they want and are ready to pay for the same. Now quality is embedded in the processes and activities of the company so much that top managers say that it does not require reinforcement. (Gartner, 2000). Thus all companies are trying to satisfy their customers. Finally the question remains, how to do it continuously?

In countries where the number of customers is large because of the population. Relationship marketing was difficult. Furthermore, the problem is aggravated by increased expectations of customers in India, who want a rapid response and quick turnaround time for servicing for their cars.

Dealers and Companies are getting smarter. (Nataraj S, Dr. N. Nagaraja, 2012) Online bookings and online purchase are the current wave in Indian car industry. Internet is gradually hitting the core of every industry including the car industry. It creates a greater awareness of the vehicle and influences the buyer to purchase the vehicle. Internet is believed to have a greater impact on the sales process and has a higher level of sales satisfaction. Due to advanced technology manufacturer are able to access how much profit could be generated from the customer and decide the level of service for them. (Joanna Waligóra, Robert Waligóra, 2007), thus in future all customers would not be the same.