

The Relationship Between Customers Satisfaction and Customer Loyalty in Commercial Vehicle Industry in India

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Abstract

The Paper will Focus on the importance of CRM, Customer Loyalty and Customer Satisfaction. In Business with Focus on Indian Automobile Industry. The relevance of customer relations in commercial vehicle business is based on the life of the product (Viz. Truck or Bus) which could be 10 years. Hence it is critically viewed as life time value for the product as also the customer and the firm. Further the size of the industry would encompass customers from across all the regions whereby focus on after market support gains importance therefore analysing the need for customer satisfaction, the CRM as a strategy to win customer loyalty and customer delight to sustain long term objectives of Business. Investment by a firm become imperative to sustain and survive and to grow. The use of technology and customer focus could enable customer interactions with life cycle, aspects of product dealt and the data mined with key customers.

The 4 objectives that could be achieved thro CRM in auto sector could be, in areas as customer retention, customer satisfaction, level of relationship, initiatives from the competitors. The need to go deep into the availability of after sales service, prompt service, user friendly, replacement pace of defective parts, satisfaction and brand to loyalty. The voice of the customers vis a vis Technology would be the key take away in the CRM Process of the Firm. Auto firms face unique challenges, as there is competition from used vehicle market. This lays emphasis on the CRM as the strongest and most effective, approach in maintaining and creating relationships with the customers. The same strong personal bonding with the people, will build the business to new level of success. The will enable the firm to identify the actual needs of the customer and to understand their expectation to enable improved levels of service. Literature review was done, to analyze the importance of

customer retention and cost of new customer creations. The loyal customers, would bring in further new customers to the firm. The study seeks to develop a conceptual framework of brand Image, on customer commitment and loyalty.

The Methodology of study was to use a survey method to cover 100 respondents. The choice of questions for the study include personal background and on variables used to assess the Automobile service performance based on the survey results we arrive at Interpretation and based on the Interpretation we arrive at the findings. The Market scenario would be both domestic and overseas product and application, market size, service revenue, business endurance, parts support and market potential. The process would also enable effective customer segmentation. Data mining and to adopt customer centric approach. We also would arrive at sample flow model of CRM system, Implementing the CRM, storage and integrate customer data, key account customer management lifetime value analysis and predictive modelling. The 10 ways to build customer loyalty, as communicate, customer service policy, employee loyalty, employee TRG, customer incentives, Product Awareness, Reliability and people over technology and to know the customers by their names. The action plan to upgrade loyalty programs, to explore, Training to customers and Business process owners of customers, in corporate, the CRM must relate to business scene, as also the factors in sales cycle analysis.

The Conclusion is to ensure business process for long term customer values and profit increase and business expansion. The firms business plans to expand in overseas markets could be a long term gain thro CRM processes. CRM must also consider the societal values and Ethical Business practices.

Keywords: CRM System customer Life Time Value, Customer Segments, Data Mining, Delight, Date Base, Value Chan Global Scene, Customer Satisfaction, Customer Loyalty.

INTRODUCTION

Firms are competing intensively in a liberalised market, in the field of Automobiles especially commercial vehicles. The urbanisation of various states in the country would gear up the demand for Mass Public. Transportation as also the Highway corridor for goods movement. The demand for both passenger and goods vehicles would grow in India in the next 5 years by an average of minimum 10% per year. Thus the competition in the market space would be fierce and this has not been the case in the past. In today's market there are the following players in commercial vehicles in India.

- Tata Motors

- Ashok Leyland
- Eicher Motors
- AMW
- Mahindra Motors
- Renault Nissan
- Bharat Benz

The important components of business in the field of commercial vehicles, like operations, service quality, customer satisfaction, employee satisfaction, financing efficiency and finance performance are being studied by many researchers to better understand and serve the community at large (Arokiaswamy 2013).

The effective relationship with customer, would impact the service provider (Panda 2003) - which in turn would build customer loyalty (Jones 2002).

The increasing market share (Fischer 2001), and profit growth (Duncem & Elliot 2002), progressing customer relationship, improving corporate image, and customer loyalty (Newman 2001, Caruana 2002).

Firms must strive for quality service to ensure success and survival in today's business scenario. It is definite that a satisfied customer will definitely at the end would be a respect purchaser, and a loyal buyer for many causes, relationship between satisfaction and buyer loyalty would be imperative for organisation growth.

Customer Satisfaction and Consumer Loyalty

In current trends, the service quality from the firm is crucial need for building customer loyalty in the face of fierce competition. The end result is the goal to achieve customer loyalty as the customer will resort to repeat purchase of the truck and buses.

Purpose of Study

Customer centric aspects would be the base for a firm in auto industry for survival in the face of fierce competition, and to gain the market share. The aspect of service quality would be a focus through the customer satisfaction process in auto sector (as per Zairi 2000, Hanson 2000), suggesting the fact that level of service quality, is an indication of the firm's ability to meet customer needs and requirements.

Therefore it is imperative that firms must focus on after market service, to satisfy the needs of the customers in the segment commercial vehicle. This will not only ensure retention but to penetrate into new markets through good will of service.

Managers depend on customers anticipation of service quality for the competition in the market - Bateson & Hoffman, 2002) . WE can study the customer service aspects in forms in Europe & Asia to gain insight into the expectations of customers. The study will address the literature related to primary constructs under study.

The research will include definition, instrumentation, sampling, data collection, hypothesis, discussions of data collection, conclusion as well as reference of the study.

LITERATURE REVIEW

Customer satisfaction is one of the most important issues, concerning business organisation of concerning business organisation of all types, which is justified by the philosophy of customer orientation & KAIZEN - continues improvement in a quality driven firm. (Arokiasamy 2013).

According to the belief in marketing, and past trends, the satisfied buyer will go for repeat purchase, vis a vis the dissatisfied customer. Thus customer retention thro satisfaction is an important take away from the long term objectives of the firm. The cost incurred in creating the new buyers would be more as compared to the repeat customers. Thus the cost benefits thro repeat customers optimises the profit to be earned. Thus the repeat customers may help firms to reduce marketing costs and develop predictable stable sales when the number of buyers increase.

The general explanation of customer satisfaction would be that it is a psychological state that results from customer experiences, after consumption (use of product) (Pleshko & Helens, 1996).

In a widely accepted perception customer satisfaction is a customers post consumption evaluation of a product or service experience (Mittal & Freenea 2010). This occurs of the perceived performance of a product or service meets, or exceeds customers prior expectations. (Oliver 1980, Bearden & Teel, 1983).

Thus overall customer satisfaction with a company's offerings is determined by comparisons between customer expectation of the companies products / services, and their perception of product performance (Fornell et al, 1996 & Oliver, 1980).

Customer loyalty refers to customer behaviours that indicate a desire to better an ongoing relationship with a company, (Palanaher et al, 2006). The customers willingness to purchase again from the firms, having a preference to the firm, or recommending the firm to co-customer, could be strong indications of the desire to continue the relationship, with a company, that determines how much a customer is attached to the firm.

Loyal customers are a delight to marketing effects owing to their desire to buy additional products and spread the reliability thro positive word a mouth in a segment

- this is source for flow of continuity in the firms return on investments (Parasuram, Bery, Zeithenel, 1996).

Customer retention schemes, would increase buyer loyalty as her under.

The ways to build customer loyalty

- Customer service
- Employee Loyalty
- Employee Training
- Communication with customers
- Customer Incentives
- Product Awareness
- Reliability
- Flexibility
- Know their names
- People over technology

The challenge to the marketing officer is the fact that in current trends, loyalty is transient, and hence the concern for sustaining brand loyalty and to increase the same.

In the case of commercial vehicles, the life span of the product is min 5 to 7 years and in this period, loyalty of the customer could be nurtured, thro consistent after market campaigns even exceeding customer expectations.

(Kotler 1999, Teich 1997). The reason being the cost of attracting a new customer is five times the cost of retaining the current customer. The effort to adopt unique ways to upgrade and upscale service quality standards in a firm to increase the Bar to achieve loyalty, would be executed thro the ever changing needs of the customers service expectations. Even firm devices unique methods to keep on track. The upgradation of technology of vehicles is one method to achieve the competitive edge / advantage to win loyalty - which is a challenge top achieve. The continues monitoring of satisfaction is one method to evaluate the customer loyalty (Teich 1997).

Service Quality

The nerve of activities to evaluate the results of performance of product when the comparisons that customers analyse, between their expectations vis a vis perception of service standards, provides the evaluation criteria with respect to satisfaction (Lewis & Booms 1983, Parasuram et al, 1985), Caruanna 2002.

Thus the service quality is depend as the Gap between customers perception of service performance and their normative expectation for service (Parasuram et al, 1985).

Interrelationship between customer satisfaction and customer loyalty

The belief that satisfied customers would return for repeat future purchases, and eventually become loyal. This is the formal concept and the basis for thought in marketing.

Infact the relationship between satisfaction and loyalty, is a strong correlation as per recent studies - in the auto industry especially commercial vehicles where prices are more or less equal among competitions, the aspect of satisfaction should be the Bias for Loyalty. (Baquer, 2008).

METHODOLOGY

Instrumentation - The method followed is questionnaire, to be given to customers of commercial vehicles Pan India, to be evaluated in three parts.

The first part to seek personal information such as participants name, address, nature of commercial vehicles owned - buses, trucks, tractor trailers, tippers, special purpose vehicles.

The second part of the questionnaire will increase customers perception, expectations of service quality.

The aspects covered are :

- Warranty policy
- Free services beyond warranty
- Parts support in locations of vehicle users
- Service reach for customers workshop location
- Mobile service at customers site
- Pan India service network
- Service campaigns
- Mechanics training of customers
- Driver training to customers
- Business inputs to vehicle owners on future plans

The third part will be as follows:

- How satisfied is the customer on warranty policy
- How satisfied is the customer on delivery (on time delivery), finance support services
- How satisfied is the customer on services on all India basis.
- Genuine spare parts support in service centre.
- The life time value aspects for the products.

Third part is on 5 point Likert Scale, very dissatisfied to very satisfied.

The forth part is on behavioural aspects as:

- How willing are you to go in for repeat purchase of the product
- How much you are satisfied with service of quality / actions on service.
- How satisfied are you on the technology update of the product.
- How satisfied are you with respect to the product value additions to the business of the customer.
- How willing are you to recommend the product to co-customers.

This is also on 5 points Likert Scale - very likely to very unlikely.

SAMPLING AND DATA COLLECTION

The survey method employed thro the questionnaire, on a customer segment as below:

- Fleet owners
- Project customers
- Government customers central and State Govts.
- State Transport undertakings
- Customized special applications customers
- Long Haul Tractor trailer customers
- Container transportations
- Logistics firms
- School bus and mini bus customers

To cover 450 customers with sample size $N = 450$ and the sample error estimate $\pm 5\%$.

RESEARCH FRAME WORK AND HYPOTHESIS

In order to verify the relationship, between the independent and dependent variables, a hypothesis was developed.

The conceptual frame work for the study is adopted, and modified from the empirical study, by (Beerli et al, 2004, Arokiasamy 2013), depicted as hereunder. The figure illustrate the relationship between customer satisfaction, customer loyalty and intentions to switch.

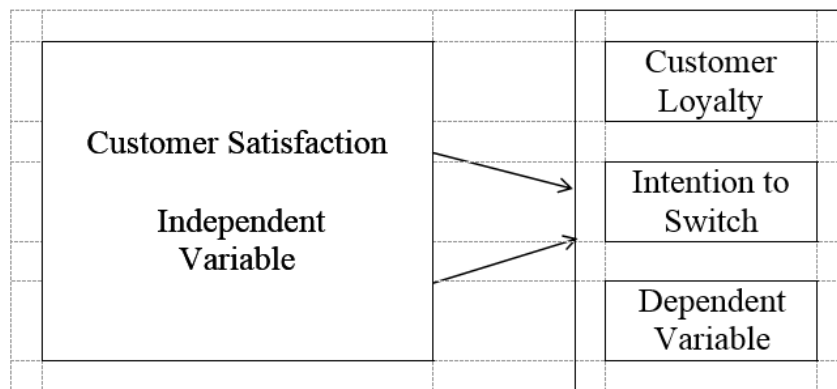


Fig.AA - (Arokiasamy 2013)

HYPOTHESIS OF STUDY

H₁ - There is significant positive relationship between customer loyalty and customer satisfaction.

DISCUSSION

In the dynamic, competitive scenario of commercial vehicles business, customer satisfaction is a necessity for firms sustainable growth. Dissatisfaction has been the cause for customers to switch. The word of mouth from dissatisfied customers, to tell their negative experiences with a firm to ten or more customers - which is viral in nature.

Therefore customer satisfaction highly influences customers repurchase intentions. Satisfied customers are most likely to share their experiences with ten or more people around them.

Organisations thus must be able to build and maintain long lasting relationships, with customers, thro need fulfillment and demands of services, which eventually lead to continuance of business relationship on long term - i.e. life time value to customers.

CONCLUSION

The exercise of research could be extended to a further larger sample size and also cover the overseas customers of the firm in Middle East, Bangladesh, Srilanka, West Africa, East Africa, Russia and Ukraine, etc.

The questionnaire can be modified and updated, on real time basis and the use of network in customer data mining. Thus there could be extensive coverage to understand the sequence of relationship between the customer satisfaction and customer loyalty - and how the Battle is Won by customer (Fischer A, 2001).

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