



THE EFFECTIVENESS OF SERVICE QUALITY ON CUSTOMER SATISFACTION IN AUTOMOBILE INDUSTRY

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Abstract

The automobile industry in India is a significant driver of macroeconomic growth and technological development. The present Indian automobile scenario, service quality is indispensable competitive strategy to retain customer base. Automobile industries are trying to win customer service and loyalty by providing better quality services. The Motor Industry is one of the rapidly emerging sectors in India. This paper is to investigate the relationship between of service quality and customer satisfaction on automobile industry in India, Particularly in Tata Motors in Kanchipuram District, Tamilnadu, India. The sample size for this study was 236. The sample respondents are selected by systematic random sampling technique. It is found that there is a significant difference of opinion towards service quality dimension and customer satisfaction among the customer based of their association with the Tata Motors.

Keywords: Service quality, Customer Satisfaction, Tata Motors, Automobile

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Introduction

Since independence, there have been several limitations that the automotive sector has overcome. Measures such as reduction of tariffs on imports, relaxation of the foreign exchange and equity regulations, and refining the banking policies played a major driver in turning around the Indian automobile industry. The Indian automotive industry is gearing up for major challenges in the coming years. Entrepreneurs in the automotive manufacturing industry are confronted with many challenges. With changes in government regulations, altering the world economy, relative prices and market dynamics it becomes difficult to adopt strategic planning for the automotive business.

The Indian automobile industry has historically been a good indicator of how well the economy is doing, as the automobile sector plays a key role in both macroeconomic expansion and technological advancement. The two wheelers segment dominates the market in terms of volume, owing to a growing middle class and a

huge percentage of India's population being young. Moreover, the growing interest of companies in exploring the rural markets further aided the growth of the sector. The rising logistics and passenger transportation industries are driving up demand for commercial vehicles. Future market growth is anticipated to be fueled by new trends including the electrification of vehicles, particularly three-wheelers and small passenger automobiles.

India enjoys a strong position in the global heavy vehicles market as it is the largest tractor producer, second-largest bus manufacturer, and third-largest heavy trucks manufacturer in the world[1]. India's annual production of automobiles in FY22 was 22.93 million vehicles. India is also a prominent auto exporter and has strong export growth expectations for the near future. In addition, several initiatives by the Government of India such as the Automotive Mission Plan 2026, scrap page policy and production-linked incentive scheme in the Indian market are expected to make India one of the



global leaders in the two-wheeler and four-wheeler market by 2022[2]

In the service quality point of view of what the consumer gets. This orientation recognises other components of service quality, namely technological quality, functional quality and quality of reputation. Technical efficiency involves the result of the service rendered by the consumer. Functional consistency refers to the manner in which the service is offered and the behaviour of employees in this interaction[3][4]. Reputational quality refers to the picture of the company on the market with regard to the quality of service offered [5][6]. The customer may assess the car dealer favourably when the dealer promptly sends a reminder when the service of the vehicle is due. In their early research into service quality, they established ten parameters on which customers depend when determining service quality. These include:

- ❖ Reliability:
- ❖ Access:
- ❖ Security:
- ❖ Credibility:
- ❖ Responsiveness:
- ❖ Competence:
- ❖ Courtesy:
- ❖ Tangibility:
- ❖ Communication:

Later, they proposed that these ten criteria could be further reduced into five factors, and they identified these factors such as tangibility, reliability, responsiveness, assurance and empathy. The research conducted by Parasuraman [7] initially identified ten dimensions associated with service quality, which were later reduced to five dimensions namely tangibles, reliability, responsiveness, assurance and empathy.

The Indian automotive sector has witnessed excellent growth in the recent past and is all set to carry on this momentum. The Indian automobile industry has come a long way since its launch in erstwhile Bombay in 1898. Currently, the automotive sector is contributing majorly to the Indian economy both in terms of revenue and in terms of employment. Directly or indirectly this sector employs more than ten million people in the country. The Indian automotive industry comprises heavy vehicles, passenger cars and two-wheelers. While the heavy vehicles sector is dominated by major

players like Eicher Motors, Mahindra and Mahindra, Ashok Leyland and Tata Telco, the major car manufacturers are Hindustan Motors, Maruti Udyog, Ford India Ltd, Hyundai Motors India Ltd and Tata Motors. In the two-wheeler segment, the dominant players are Bajaj, Hero Honda, TVS and Yamaha.

. Intensifying competitions, state regulators and global consumers are making global automakers rethink their platform strategy. The trend towards consolidation of modular architectures or mega-platforms is slowly replacing the earlier rationalization of segments. Hence this is becoming one big challenge for automakers. This study helps the Tata motors to identify the important service quality elements that can help to increase their customer satisfaction, trust, loyalty, relationship value and commitment.

Research Methodology

The aim of this paper is to investigate the effectiveness of service quality on customer satisfaction in the automobile industry in India, especially in the Tata motors in the Kanchipuram District, Tamilnadu, India. Various literature and reviews are compiled and variables defined. In 1988, Parasuraman researched five dimensions of service quality with 22 declarations. Parasuraman,[10][7] The tool for this analysis has been adopted. This method consists of 22 statements which are categorised as five dimensions, namely, Tangibility, Durability, Responsiveness, Insurance and Empathy. For customer satisfaction [11] a scale of nine elements is used to assess customer satisfaction. This method is being considered for this analysis. The sample size required for this analysis is 236. These survey respondents were chosen using a systematic random sampling technique and data collected from the customer those who are all used Tata Motors vehicle. Data analysis procedure is carried out by means of the survey questionnaire process. Responses are coded and the results are entered into a statistical kit for social science (SPSS). Descriptive statistics ANOVA statistical methods were used to evaluate the variance between the variables, the statistically significant variations and the relationship between the variables.



Result and analysis

Table No -1: Service quality dimension based on association with Tata Motors

Service quality	Association with Tata motors	Mean	S.D	ANOVA result	
				F-value	P-value
Tangibility	below 5 year	21.19	3.36	6.662	0.001*
	6-10 year	20.08	3.63		
	Above 10 year	19.42	3.89		
Reliability	below 5 year	26.19	4.39	19.730	0.001*
	6-10 year	23.61	5.04		
	Above 10 year	22.10	4.96		
Responsiveness	below 5 year	20.67	3.76	26.149	0.001*
	6-10 year	17.91	4.67		
	Above 10 year	16.05	5.88		
Assurance	below 5 year	22.12	3.85	15.902	0.001*
	6-10 year	19.97	3.77		
	Above 10 year	19.25	4.96		
Empathy	below 5 year	24.45	5.31	12.646	0.001*
	6-10 year	22.19	5.44		
	Above 10 year	20.54	6.54		

Sources: Primary data computed *Significant at one percent level

Table-1 the customers are asked to rate their opinion towards service quality dimensions based on their number of years of experience with the Tata motors. The customer association with the Tata motors is classified into four groups. The mean value and standard deviation value of service quality dimension are calculated based on the customer experience. The calculated values are displayed in the table 1. While observing the mean score, those who are having less than five years of association with the Tata

motors, they are experienced higher amount of services relating to tangibility, reliability, responsiveness, assurance and empathy.

Ho: Respondents opinions towards service quality dimension are not varied across number of years of association with the Tata motors.

To examine the above given hypothesis, One-way ANOVA is employed. From the ANOVA result, it is inferred that service quality dimensions tangibility, reliability, responsiveness, assurance and empathy are significantly varied due to customer association with the Tata motors. Because the corresponding P-values are significant at one percent level. Hence the stated hypothesis is rejected.

In the case of tangibility, those who are having less than five years of association with the Tata motors, they are perceived higher level of (21.19) tangibility services of the Tata motors followed by 6 to 10 years of experience customer (20.8) and above 10 years experienced customer (19.42). It shows that the customer who are having above 10 years of association with Tata motors and the customer who are having less than five years of association with Tata motors, they are perceived better level of tangibility services. But, those who are having more than six years of association with Tata motors, they are perceived moderate level of reliability services of Tata motors.

Relating to responsiveness services of the Tata motors, the customer who are having less than five years association with Tata motors, they are perceived better level of services. But, those who are having more than five years of association with Tata motors, they are experienced least level of services.

With regard to assurance aspect, those who are having less than five years of association with Tata motors they are perceived better level of assurance services .Whereas, those who are having more than five years of experience, they are experienced least level of assurance services.

In the case of empathy services, below five years experienced customer are received higher level of empathy services. However, more than 6 years experienced customer said that they are received moderate level of empathy services.

It is observed that there is a significant difference of opinion towards service quality



dimension of the Tata motors among the customer based of their association with the Tata motors. Here, the customers who are having less than five years of association with Tata motors, they are experienced better level of services than other experienced group.

Table No-2: Customer Satisfaction level based on association with Tata motors

Association with Tata motors	Customer satisfaction		ANOVA result	
	Mean	S.D	F-value	P-value
below 5 year	15.07	3.92	6.389	0.002**
6-10 year	13.75	3.85		
Above 10 year	13.20	4.75		

Sources: Primary data computed **Significant at five percent level;

Table 2 indicates the respondents opinion towards the satisfaction based on association with the Tata motors. The mean score and standard deviation values for customer satisfaction calculated based on the customer association with the Tata motors. The mean value is ranged between 15.07 to 13.20. From the mean value, it is inferred that the customer who are having less than five years of association with the Tata motors, they are perceived higher level of satisfaction with Tata motors followed by 6 to 10 years of experienced customer (13.75) and above ten years experienced customer (13.20).

Ho: There is no difference of opinion towards customer satisfaction based on year’s association with the Tata motors.

In order to prove the above stated hypothesis, One-way ANOVA is executed. From the ANOVA result, it is inferred that there is significant difference of opinion towards satisfaction level of customer based on their years of association with the Tata motors. Because the calculated F-value is 6.389 and the P-value is 0.002. Here, the P-value is significant at five percent level. Here, the stated hypothesis is rejected. It is found that the customers who are all having less than five years of association with Tata motors, they are perceived better level of satisfaction than other groups.

Conclusion

It goes without saying that the automobile industry is one of the ripest industries in India. But that does not stop it from being fraught with challenges and issues. Overcoming these challenges will enable the Indian automotive industry to become one of the biggest disruptors in the global market.

Automobiles have an important part to play in the global economy and in the income of the automobile s industry worldwide. It is concluded that Tata motors offers better services to its customers and increases the efficiency of its services. It has a certain difference in the consumer viewpoint. The Tata motors needs to boost such a gap in their standard of service. Every company has such a necessity to develop its operations to meet the ever-changing and unpredicted challenges ahead. This is also a big contributor to remaining in company. More especially in the service sector, meeting customers' satisfaction has become a challenging task relative to those before the 1990s with an extremely competitive climate.

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