

Customer satisfaction in automobile industry with reference to passenger cars in Delhi and NCR

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Abstract - Today the most attractive industry is Automobile industry and in current era as there is increase in the disposable income in rural as well as urban sector and also the financial institutes are easily providing finance, the passenger vehicles sales have increased which is by 9.2% from last 10 months that is from April-march (2018). And now the competition is continuously increasing in the sector with some new companies who are coming in and ready to setup business in Indian markets. Customer satisfaction is one of the major factors which could help car companies in marketing of their products. Knowing and analyzing customer satisfaction is very important as it would help the companies in knowing that how much a customer is satisfied with their brand of car and the possibilities of these customers of buying the same car in future. In this research paper the study of customer satisfaction of selected car brands is done by conducting a survey and it will be helpful for the existing as well as new companies to know the gap between services offered by companies and customer expectations and satisfaction.

Keyword: Customer Satisfaction, FDI, Customer Satisfaction index

I. INTRODUCTION

As India is a market which having a very heavy growth due to which foreign companies are investing more and more because of government initiatives like make in India. Tax benefits are given by government initiatives due to which foreign manufacturers are setting up their plants in India to lower the cost of their products and further provide cost benefit to the customers.

Today the automobile industry in India is experiencing boom in sales as the demand is continuously increasing for all type of vehicles and especially the passenger car segment in this industry is facing growth from last some months. And there are some reasons because of which this boom has occurred in this industry such as the living standard of middle class families has raised up and also there is increase in the disposal income of people especially in the middle class Indian families. Another reason behind this growth is that the government of India has taken various initiatives such as allowing 100% FDI (Foreign Direct Investment) and relaxation in foreign exchange, reduced tariff rate on importing, liberalization in banking which has led to increase in purchase of cars by getting it financed.

And as the Indian Automobile industry is growing especially the passenger car segment due to the rise in customer's ability of purchasing there is also high demand for high-end cars which till now had very less portion in Indian market but now as the current trend is going on

many foreign automobile companies are planning to enter Indian car market as there is lot of opportunities available.

As the Indian Passenger car companies can see the competition arising they are now planning to increase the quality of their products and services from the current level they are providing and also to increase production of exports and trying to make more innovative products. In the coming time there are very much chances that India may become a key market in the automobile industry for the manufacturers of car companies which will provide them benefit in the form of local demand created and also find a good base for exporting.

- The automotive manufacturing industry comprise of production of four types of vehicles that are passenger vehicles, two-wheeler, commercial vehicle and three-wheeler.
- Two-wheelers has 79% share in the domestic market and till now the most popular type of vehicle in the Indian market.
- In last financial year that is 2018 there was total production of 25 million automobiles.
- From the last five financial years the volume of total production is growing at the rate of 5.5% annually.
- Indian automobile market is dominated by passenger cars and two-wheelers segment.
- In the domestic passenger car market, small and mid-sized cars dominate the sales.

The Indian Automobile Industry

In India automobile industry is at growing stage as today the market size is increasing there are many opportunities available in the Indian market both in the rural as well as urban areas. And due to the opportunities which are available in the Indian automobile industry there are many big companies who are interested and also investing in the Indian market of automobiles. As this industry is growing rapidly it is attracting more and more investors from foreign who are ready to invest in developing infrastructure and new market.

- India is the third largest passenger car market in Asia and may even leave china behind in this market because of high growth percentage.
- India is the fifth largest commercial vehicles manufacturer in the world.
- India is the second largest two-wheeler manufacturer in the world.
- India is the second largest tractor manufacturer in the world.
- Out of total indirect taxes collected the Indian automobile industry helps in contribution of 17%.

II. REVIEW OF LITERATURE

Customer Satisfaction

Customer Satisfaction is a business term and it measures how products and services supplied by a company meet or surpasses customer expectation. It is seen as a key performance indicator within business and is part of the four perspectives of a balanced scorecard.

In a competitive market place where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

Necessity of Customer Satisfaction

Organizations are increasingly interested in retaining existing customers while targeting non- customers. Measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the market place. Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which co-relate with satisfaction behaviors such as return and recommend 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.

Since satisfaction is basically a psychological state, care should be taken in the effort of quantitative measurement, although a large quantity of research has recently been

developed. Some of the domains of satisfaction are (i) Quality (ii) Value. (iii) Timeliness. (iv) Efficiency.

These factors are emphasized for continuous improvement and organizational change measurement and are most often utilized to develop the architecture for satisfaction measurement as an integrated model.

Measuring Customer Satisfaction

The basis for the measurement of customer satisfaction with a service is done 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.

The usual measures of customer satisfaction involve survey with a set of statements using techniques or scale. The customer is asked to evaluate each statement and in term of their perception and expectation of performance of the organization being measured.

Parameters of Customer Satisfaction in the Automobile Industry

The following are the parameters of Customer Satisfaction in the Automobile Industry:

- (a) Sales Satisfaction Index: The study is to analyze sales satisfaction of customers across six vehicle components including delivery process, delivery timing, salesperson, dealer facility, paperwork, and deal.
- (b) Customer Satisfaction Index: The study reveals how satisfied car customers are with the services offered by various car manufacturers. It researches across seven vehicle components including problems experienced; service quality; user-friendly service; service advisor; service initiation; service delivery; and in service experience.
- (c) Initial Quality Study: This study defines the quality standards of new vehicles across nine vehicle components including vehicle exterior, interior, driving experience, features-controls and displays, audio and entertainment, seats, HVAC (heating, ventilation and cooling), engine, and transmission. These components are categorized under two distinct categories, quality of design and quality of production.
- (d) Automotive Performance and Execution Layout: The study analyzes the factors and reasons that excite and delight car owners based on 11 vehicle factors including vehicle's exterior; interior; storage and space; audio/entertainment/navigation; seats; heating, ventilation and air conditioning (HVAC); driving dynamics; engine/transmission; visibility and driving safety; and fuel economy.

It is noteworthy to investigate what research work has been done throughout the world in the context of "Customer satisfaction with reference to Passenger vehicles" so that their contribution in the existing body of literature and gaps in their findings can be explored.

Rao and Kumar (2012) revealed study on "Customer satisfaction towards automobile sector – A study on Passenger cars in India with the objectives to study the customer satisfaction with the usage of vehicles, after sale service, key area of strength, service and quality. They taken the sample of 100 respondents and used the percentage technique. They concluded from the study that majority of customers are satisfied with the safety, dealer service, customer relationship etc.

Shende V. (2014) studied consumer satisfaction towards passenger car segment in India. The objective of this study was the identification of factors influencing customer's satisfaction for particular segment of car. Proper understanding of Customer satisfaction will help the marketer to succeed in the market. Scenario of stagnancy in sales and cultivate future demand for automobile car market was also attempted in this study.

Mahapatra Kumar and Chauhan (2010) mentioned a study on "customer satisfaction, dissatisfaction and post purchase evaluation: an empirical study on passenger cars in India" with the main objectives to examine the satisfaction and impact on future purchase decision and explore the performance of different attributes in automobile in giving satisfaction to customer with the sample size of 150 customers and they used the multiple regression techniques and they revealed from this study that customers are highly satisfied with the behavior, service quality etc. and other attributes like quality, dealers facility influence the consumer future purchase decisions and consumer give the more importance to these factors.

In this Project the research design consists of exploratory research which is conducted through a survey and a questionnaire was designed for the survey which was well-structured. It was used because of many reasons such as it was very convenient, cost-effective and fast way of gathering a large and varied amount of data from the audience targeted.

Objective of the Study:

- To study the overall India's passenger car market.
- To study the customer satisfaction for passenger vehicles.

Scope of study

The scope of the study is aimed towards studying the market of passenger cars and analyzing the customer satisfaction with reference to passenger car and its companies. This project includes the brief study of factors which lead to customer satisfaction and other important things such as their satisfaction level and important factors for customers in buying a car.

III. RESEARCH DESIGN

To collect Primary and secondary data, descriptive research was used.

Sample Size

The population targeted was from various places in Delhi and NCR and the people were from different backgrounds.

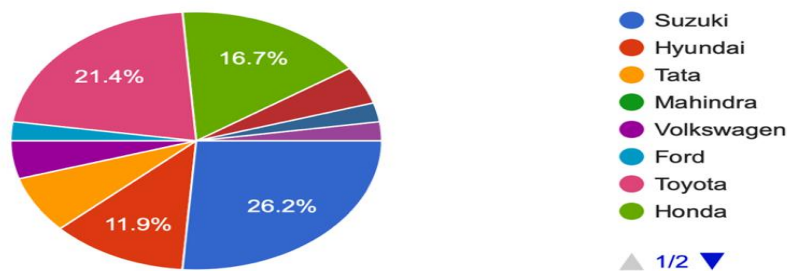
Collection of data

The collection of data in this project has been done through getting questionnaires filled with the help of various people and this method is used because it is the most used tool in collection of data because it is very inexpensive.

IV. DATA ANALYSIS

Which car brand do you currently possess ?

42 responses



Car Name	Results	Calculated Chi Square Value	Tabled Chi Square Value (0.005) 14.067	Tabled Chi Square Value (0.001) 18.475
Suzuki	11	7.2		

Toyota	9	1.77
Honda	7	0.44
Hyundai	5	0
Tata	3	0.44
Volkswagen	2	1
Ford	1	1.77
Nissan	2	1
TOTAL	40	13.62

Interpretation

In the above figure and table, it is observed that:

Suzuki has a calculated chi square value of 7.2 which is less as compared to the tabled chi square value of 14.067. Hence, it is significant.

Toyota and Ford have a calculated chi square value of 1.77 which is less as compared to the tabled chi square value of 14.067. Hence, it is significant.

Honda and Tata have a calculated chi square value of 0.44 which is less as compared to the tabled chi square value of 14.067. Hence, they are significant.

Volkswagen and Nissan have a calculated chi square value of 1 which is less as compared to the tabled chi square value of 14.067. Hence, it is significant.

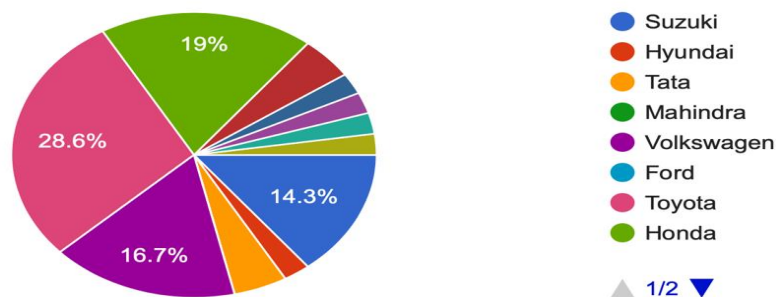
It is observed that maximum number of respondents possess a Suzuki car with 26.2%. Toyota is second at 21.4%. Honda is third at 16.7%.

Volkswagen and Ford are possessed by minimal number of people at a negligible rate.

Car Name	Respondents	Chi Square Value	Tabled Chi Square Value (0.005) 12.592	Tabled Chi Square Value (0.001) 16.812
Suzuki	7	1.66		
Toyota	12	6		
Honda	11	4.16		
BMW	1	4.16		
Ferrari	1	4.16		
Volkswagen	9	1.5		
Mercedes	1	4.16		
TOTAL	42	25.8		

Which car brand do you prefer ?

42 responses



Interpretation

In the above figure and table, it is observed that:

Suzuki has a calculated chi square value of 1.66 which is less as compared to the tabled chi square value of 12.592. Hence, it is significant.

Toyota has a calculated chi square value of 6 which is less as compared to the tabled chi square value of 12.592. Hence, it is significant.

Honda, BMW, Ferrari and Mercedes have a calculated chi square value of 4.16 which is less as compared to the tabled chi square value of 12.592. Hence, they are significant.

Volkswagen has a calculated chi square value of 1.5 which is less as compared to the tabled chi square value of 12.592. Hence, it is significant.

Majority of the customers prefer the brand Toyota at 28.6%. Second comes Honda at 19% and then Volkswagen at 16.7%.

Hyundai is one of the least preferred brands with a minimal rate.

Why have you chosen the above brand ?

42 responses

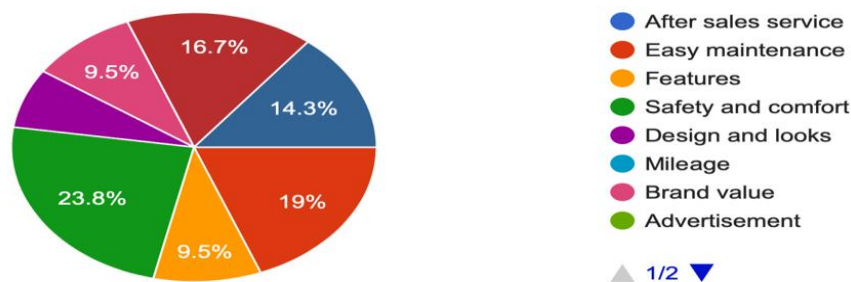


Table No. 1

Car Name	Factors for Preference
Suzuki	Value for Money, Safety & Comfort, Quality, Brand Value
Toyota	Safety & Comfort, Quality, Easy Maintenance, Brand Value
Honda	Value for Money, Safety & Comfort, Easy Maintenance, Brand Value
Volkswagen	Value for Money, Safety & Comfort, Quality, Easy Maintenance, Design & Looks

Why did you buy your present car ?

42 responses

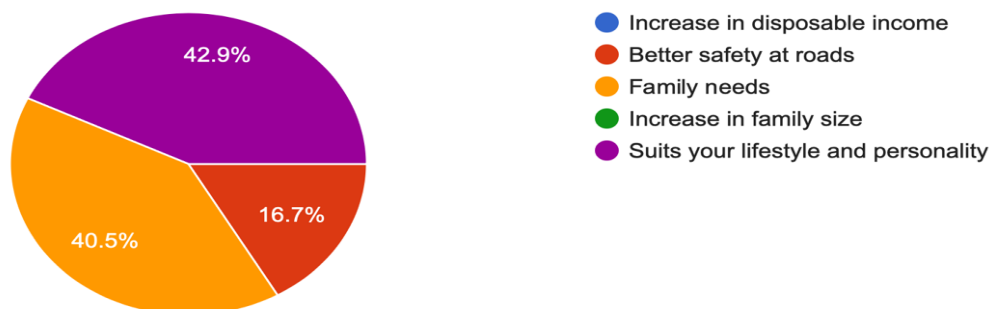


Table No. 2

Car Name	Better Safety at Roads	Family Needs	Suits lifestyles	Increase in family size	Increase in disposable income
Suzuki	1	3	6	-	-
Toyota	1	6	4	-	-

Honda	1	4	3	-	-
Hyundai	1	1	3	-	-
Tata	-	2	-	-	-
Volkswagen	1	1	-	-	-
Ford	-	-	1	-	-
Nissan	1	-	1	-	-
Mercedes	1	-	-	-	-

Interpretation

From the above figure and table, we can observe that:

Suzuki, Hyundai and Ford have been purchased as the present car by the customers mostly due to the way they suit the lifestyles and personality of the customers.

Whereas, Toyota, Honda and Tata have been purchased as the present car by the customers mostly due to family needs.

Volkswagen, Nissan and Mercedes have been purchased as the present car by the customers mostly due to better safety at roads.

How much are you satisfied with your car's brand ?

42 responses

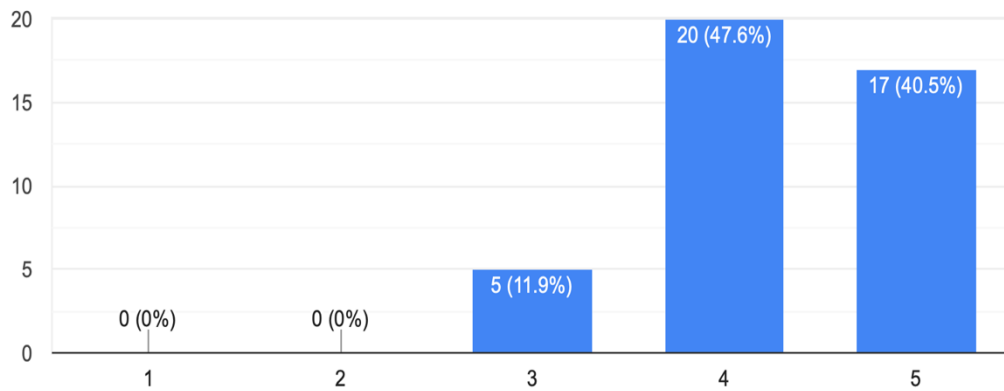


Table No.3

Car Name	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
Suzuki	4	4	3	-	-
Toyota	5	4	-	-	-
Honda	4	3	-	-	-
Hyundai	2	2	1	-	-
Tata	1	2	-	-	-
Volkswagen	-	2	-	-	-
Ford	1	-	-	-	-
Nissan	-	2	-	-	-
Chevrolet	-	1	-	-	-
Mercedes	-	-	1	-	-

Interpretation

From the above figure and table, we can observe that majority of the people have been satisfied with their car brand.

Suzuki, Toyota, Honda, Hyundai and Ford owners have been highly satisfied with their cars.

Tata, Volkswagen, Nissan and Chevrolet owners have been satisfied with their cars. Mercedes owners have somehow been neutral with their responses.

How likely would you recommend your car's brand to others ?

42 responses

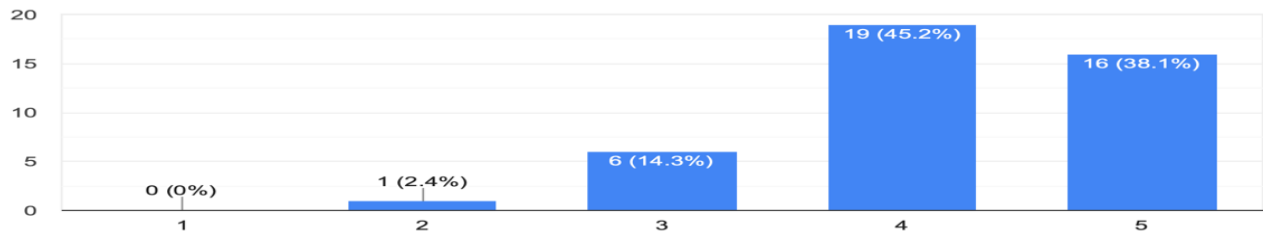


Table No.4

Car Name	Highly Likely	Likely	Neutral	Unlikely	Highly Unlikely
Suzuki	4	3	3	-	-
Toyota	3	5	1	-	-
Honda	3	4	-	-	-
Hyundai	2	1	1	1	-
Tata	2	2	-	-	-
Volkswagen	1	1	-	-	-
Ford	-	-	-	-	-
Nissan	-	1	1	-	-
Chevrolet	-	1	-	-	-
Mercedes	-	1	-	-	-

Interpretation

From the above figure and table, we can observe that:

Most Customers using a Suzuki, Hyundai, Tata and Volkswagen cars are highly likely to recommend their car brand to others.

Customers using Toyota, Honda, Nissan, Chevrolet and Mercedes are likely to recommend their car brand.

There is also 1 negative response from a Hyundai owner who is unlikely to recommend their car brand to others.

How much are you satisfied with the behaviour of the sales person of the brand of your car ?

42 responses

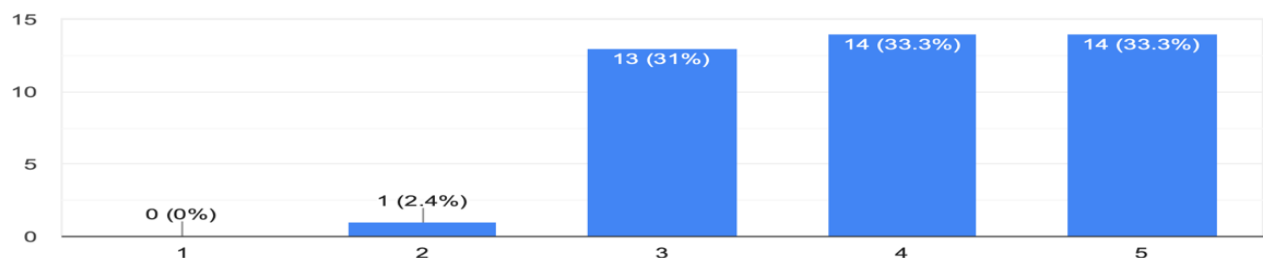


Table No.5

Car Name	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
Suzuki	2	3	5	1	-
Toyota	4	3	2	-	-
Honda	2	4	1	-	-
Hyundai	1	1	3	-	-

Tata	1	1	1	-	-
Volkswagen	1	1	-	-	-
Ford	1	-	-	-	-
Nissan	1	-	1	-	-
Chevrolet	-	1	-	-	-
Mercedes	1	-	-	-	-

Interpretation

From the above figure and table, we can observe that:

Suzuki and Hyundai and Nissan owners have a neutral response to reply on the behavior of the sales person of their car brand. Toyota, Tata, Ford and Mercedes owners have been highly satisfied with the behavior of the sales person of their car brand. Honda, Volkswagen and Chevrolet owners have been satisfied with the behavior of the sales person of their car brand. There is 1 negative review where a Suzuki customer is dissatisfied with the behavior of the salesperson of their car brand.

How do you rate the brand image of your car ?

42 responses

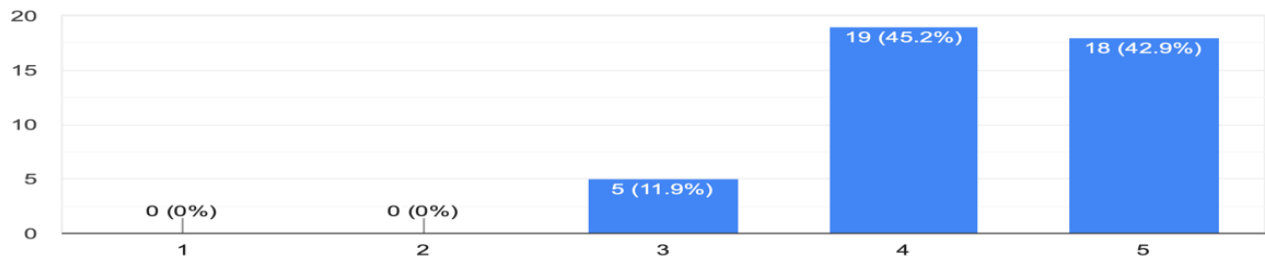


Table No.6

Car Name	Very Good	Good	Neutral	Bad	Very Bad
Suzuki	2	3	5	1	-
Toyota	4	3	2	-	-
Honda	2	4	1	-	-
Hyundai	1	1	3	-	-
Tata	1	1	1	-	-
Volkswagen	1	1	-	-	-
Ford	1	-	-	-	-
Nissan	1	-	1	-	-
Chevrolet	-	1	-	-	-
Mercedes	1	-	-	-	-

Interpretation

From the above figure and table, we can observe that:

Suzuki and Hyundai owners have a neutral point of view of the brand image of their car brand. Toyota, Tata, Ford and Mercedes owners have a very good brand image of their car brand. Honda, Volkswagen and Chevrolet owners have a good brand image of their car brand. There is 1 negative review where a Suzuki owner has a bad brand image of their car brand.

Which medium of promotion do you prefer the most ?

42 responses

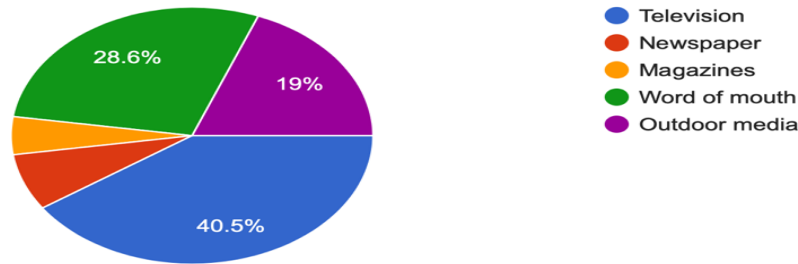


Table No.7

Car Name	Magazines	Newspaper	Outdoor Media	Telephone	Word of Mouth
Suzuki	-	1	4	2	4
Toyota	-	-	3	6	2
Honda	-	-	1	6	-
Hyundai	-	1	1	-	1
Tata	1	-	-	-	-
Volkswagen	-	-	-	1	1
Ford	1	-	-	-	-
Nissan	-	1	-	-	2
Chevrolet	-	-	-	1	-
Mercedes	-	-	-	-	1
TOTAL	2	3	9	16	11

Interpretation

From the above figure and table, we can observe that:

Toyota, Volkswagen and Honda owners prefer Telephone method of promotion.

Tata and Ford owners prefer Magazines as the preferred method of promotion.

Hyundai owners prefer Newspapers as the best method of promotion.

Suzuki owners prefer Outdoor Media method of promotion.

Nissan and Mercedes owners prefer Word of mouth as the method for promotion.

V. FINDINGS

- As the research was conducted it was found that there are some parameters which were considered important for customer satisfaction by the respondents such as Behavior of the sales person, Facilities at the dealers, Service Quality and brand image.
- In the research it was found that there is no significant difference amongst the some major companies such as Suzuki, Hyundai, Toyota and Honda on the parameters which were considered important by the respondents for sales satisfaction. The overall satisfaction level ranges from satisfactory to high.
- In the research it was found that satisfaction level of majority of respondents on behavior of the sales

person ranges from satisfactory to high. The satisfaction level is maximum with the vehicle owners of vehicles of Honda and Suzuki and minimum with Tata Motors and Renault.

- In the research it was found that satisfaction level of majority of respondents on Service quality of the service centers ranges from low to satisfactory. The satisfaction level is maximum amongst the owners of vehicles of Toyota and Hyundai and minimum with the owners of the vehicles of Tata Motors and Renault.
- In the research it was found that the overall satisfaction level is maximum amongst the four companies that are Toyota, Hyundai, Suzuki and Honda and minimum again with the Tata and Renault.

- The main reasons of the purchase of the Passengers cars are the growing family needs and change in lifestyle.

VI. CONCLUSION

To conclude, the results show that the companies are very well trying to maintain their customer relationships with various marketing techniques and connect to the customers both present and potential. The companies are operating in a highly aggressive and competitive global market place and this climate has led to the emphasis on quality in all aspects. Management of quality focuses on integration and coordination as well as the continuous improvement of all activities and processes. Today the manufacturers are integrating two things that is building good quality products and building good relationship with dealers and enhancing service levels.

However, to increase the sales of passenger cars, companies must use various retail marketing techniques such as promotion through word of mouth which will be done by satisfied customers and companies need to focus on always keeping these loyal customers satisfied. As we can see in this paper and conclude that today satisfaction is the most important factor for customer in buying the passenger cars and availing the after sales services. And there are various factors affecting customer satisfaction that can be behavior of sales person, service quality, level of satisfaction etc.

The study shows that brand image also plays important role in marketing as it is something which starts building up before a car is purchased and goes on with its use and is reflected in the recommendations the customer makes to various people for the same car. Also, it is seen that the customer might not be using the car but still holds the perceptions about it as maximum people liked Toyota as a brand though they were having many other brands also or even not having the same brand.

Dealers, as per the study findings, play a very important role in building up the brand perception of the cars. Since dealers are the connecting link between the customers and the manufacturers thus becoming the most important link in joining the company to its customers as he is the person who will sell the product, will deliver it and will keep on providing the after sales services to the customers as and when required.

So, it becomes necessary automatically to study dealer as a part of customer's satisfaction and their proximity to the customers, the service provided by them and the relationship maintained by them with the customers helps the car companies to establish their brand image and sustain market growth.

Today Cars have just become like clothes and accessories which people are buying for family needs or it suits their

life style and so the key to sell and grow in the market will lie with a person who knows how to use the perceptions of the customers which ultimately understands the customer satisfaction and its use to sell the cars.

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