A Study on the Role of Service Quality in Enhancing Customer Satisfaction and Purchase Decisions in the Indian Automobile Sector

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Abstract

This study examines the effect of automobile sector services on customer satisfaction and buying behavior. The study assessed services, their contribution to customer experience, and potential for improvement through a mixed-methods approach, mainly quantitative, based on survey data and literature reviewed through SPSS.1 Results indicate that service quality, after-sales service, warranty policy, availability of spare parts, and customer service have a significant effect on satisfaction. Customers value prompt, effective servicing, customized support, open communication, and timely complaint resolution.1 This report provides an overview of the service-satisfaction nexus with a focus on customer-centric delivery and offering actionable recommendations to industry players aimed at improving brand reputation and competitive positioning.

Keywords: Customer Satisfaction, Purchase Decision, Indian Automobile Sector, After-Sales Service, Spare Parts Availability, Warranty Policy, Customer Service, Automobile Showroom Experience, Vehicle Maintenance

1. Introduction

Transportation is a basic human need, and automobiles—self-propelled cars, trucks, and buses—are used to move people and goods.1 The automotive industry is a worldwide giant, involving the design, manufacture, marketing, sale, and service of motor vehicles. It is a very profitable industry, with a leadership position in research and development spending, intense competition, and a push for environmentally friendly, fuel-efficient cars. The automakers spend a lot of money in R&D to address changing consumer expectations. The sector is critical to the world economy, providing employment and driving other industries. In contrast to repeated small expenditures, automotive purchases are high-value, long-term investments.

The Automobile Industry in India

Automobiles entered India in 1897, with some of the first companies being Hindustan Motors (1897), Premier (1944), and Mahindra & Mahindra (1945).1 Expansion was slowed initially by the "license raj" but picked up after gradual liberalization in 1986, permitting foreign producers such as Suzuki, Toyota, and Hyundai to set up shop. In 2000, India had 12 international automakers, making it one of the world's largest automobile markets. The industry accounted for 7.1% of India's GDP in 2014.1Production of vehicles registers steady growth (3.90% growth rate per annum), with passenger vehicle sales increasing by 8.13% and commercial vehicle sales increasing by 9.43% between Apr 2015 and Jan 2016. Worth more than $222

billion, the industry is expected to grow to more than $300 billion by 2026, with India emerging as the world's third-largest automobile market by volume. Exports of vehicles increased 35.9% from FY 2020-21 to FY 2021-22. India is also making progress toward sustainable mobility (20% ethanol blend by 2025) and R&D, helped by drives like "Make in India" and infrastructure like ICAT.

Major Automobile Companies in India

Large Indian auto companies are:

Maruti Suzuki: Largest carmaker, famous for low-cost, reliable cars and widespread sales/service network.

Hyundai: Second-largest, well-liked for stylish designs, innovative features, safety, and environment-friendly models.

Tata Motors: Top Indian producer of passenger, commercial, and electric cars, famous for durability and green technology priorities.

Mahindra & Mahindra: Large manufacturer of SUVs, tractors, and commercial vehicles, famous for tough utility cars and connected tech.

Honda Cars India: Famous for performance, dependability, mileage, and contemporary style, with a large network.

Toyota Kirloskar Motors: Famous for high-quality, long-lasting cars, engineering superiority, and safety.

Customer Satisfaction in the Automotive Industry

Customer satisfaction is important to success in the global automotive market, promoting brand loyalty and repeat business.1 Influencing factors are:

Product Quality: Reliable, high-quality, and innovative vehicle design, performance, and lifespan.

After-Sales Support: Effective, prompt service, fast problem solution, authentic spare parts, and friendly personnel.

Trust and Transparency: Transparent pricing, financing options, guarantees, and open communication.

Innovation and Technology: Latest features such as smart connectivity, safety features, and fuel economy.

Convenience and Accessibility: Simple reservation, test drives, online scheduling, and online payments.

Complaint Handling and Resolution: Prompt and efficient resolution of customer complaints.

Emotional Connection: Vehicle designs, brand heritage, and customized experiences.

Objectives of the Study

The research paper is based on the following specific objectives:

To explore the relationship between customer satisfaction and service quality in the automotive industry, investigating the extent to which service quality impacts total customer satisfaction and ongoing loyalty to motor vehicle brands, as well as how different dimensions of service impact customer opinion.

In order to analyze the complete spectrum of services offered by the auto industry, with a thorough assessment of each stage of service in order to determine its contribution to the customer experience. This entails pre-sales services (advice, information about the product, test drives), at-the-time-of-sales services (streamlined efficiency, transparency, documentation), post-sales or after-sales services (maintenance, warranty, periodic servicing, customer support), availability, price, and quality of spare parts and accessories and the service tools and technology employed.

To examine the human resource or staffing arrangement in the automobile sector, and in particular aspects that impact service delivery and customer interaction, including employee behavior and conduct, qualifications and training, knowledge and skills, problem-solving ability, and the sufficiency of staff numbers to cater to customer needs.

To identify and assess the key characteristics of company infrastructure that influence significantly consumer purchase choices, such as brand image and reputation, ease of accessibility and availability, comfort and convenience of facilities, technological innovations imparted in goods and services, and geographical positioning and extent of showrooms and service centers.[1]

2. Literature Review

Literature emphasizes the association among service quality, customer satisfaction, and loyalty in the automotive sector.

The Important Role of After-Sales Services

Customer satisfaction and purchase choices are dependent on after-sales services. Adusei and Tweneboah-Koduah's (2019) and Joseph and Yadav's (2017) studies highlight maintenance, fault-solving, and technician competence.[1] Rigopoulou et al. (2008) revealed that after-sales service quality has a direct relation with satisfaction and behavioral intentions.[1] Shokouhyar et al. (2020) have recognized 21 quality factors having an influence on satisfaction.

Application of the SERVQUAL Model

The SERVQUAL scale measures service quality. Balinado et al. (2021) identified only reliability and empathy to be significant for satisfaction in the Philippines, whereas Joseph and Yadav (2017) identified all the five dimensions (tangibility, reliability, assurance, responsiveness, empathy) as being significant in India.[1] This indicates the contextual nature of the dimensions of service quality.

Customer Satisfaction and Loyalty Link

Customer satisfaction is closely related to loyalty. Berger et al. (1997) and Söderlund (1998) noted positive correlations between satisfaction, loyalty, and recommendations.1 O. S. T., N. R., and H. S. (2019) demonstrated service quality enhances satisfaction, mediating loyalty.1 Sumara and Salim (2020) also attested to this, with satisfaction and brand trust mediating repurchase intention.1

Brand Loyalty vs. Dealer Loyalty

Herrmann (2001) said customers make a distinction between dealer and brand loyalty, so dealership satisfaction does not inherently imply brand loyalty.1 This leaves automakers needing to guarantee dealer service quality supports brand image.

Customer Value and Green Consumption

Customer value and green product preference also drive satisfaction. Hur et al. (2012) discovered that perceived social, emotional, and functional values positively impact satisfaction with green innovation, resulting in loyalty.1 M, H., Militina, T., and Achmad, G. N. (2020) also investigated customer value and experience towards satisfaction and loyalty.1

Optimizing Customer Satisfaction and Consumer Behavior

Nassiri Pirbazari and Jalilian (2019) suggested a customer satisfaction optimization model for the automotive sector.1 Raghu (2013) observed higher car sales in India from growing incomes and easier finance.1

The literature also highlights after-sales services, context-dependent service quality, and the interaction between satisfaction, loyalty, and brand perception.

3. Research Methodology

The current research examined service quality's influence on customer satisfaction and purchasing decisions in the automobile sector.

3.1. Research Design

An extensive research design directed data collection, analysis, and interpretation. Data were gathered from primary (surveys/questionnaires) and secondary sources (literature), afterwards analyzed employing SPSS and reported in descriptive and in tabular forms.1 Conceptualized as mixed-methods, the actual implementation was quantitative in lean.

3.2. Sample Size

The research had 150 individual participants, chosen employing convenience sampling due to availability.

3.3. Data Collection Methods

Primary data were gathered through structured questionnaires. Secondary data were from academic journals and the internet. Both were applied for in-depth analysis.1

3.4. Data Analysis

SPSS was used in analyzing questionnaire responses through statistical processes such as linear regression for insight generation and hypothesis testing.

3.5. Representation

Results were given through descriptive narrative and tabular representation for ease of understanding and comparison.

4. Results and Discussion

This section delivers the empirical results, beginning with demographics, respondent, car ownership and purchasing behavior, customer attitudes, and levels of satisfaction across service dimensions. It ends with hypothesis testing findings on the statistical significance of the effects of sales services, staffing satisfaction, and firm characteristics on purchases.

4.1. Demographic Profile of Respondents

The study included 150 respondents.
Table 1: Key Demographic Profile of Respondents

Demographic Category	Description / Distribution
Age Group	18-25 years: 51.3%; 37-50 years: 24%; 26-36 years: 17.3%; 50+ years: 7.3%
Marital Status	Unmarried: 54%; Married: 46%
Family Members	(Data not specified in text)
Education Qualification	(Data not specified in text)
Occupation	(Data not specified in text)
Annual Income	(Data not specified in text)

The majority of respondents (51.3%) were 18-25 years old, and 54% were unmarried.[1]

4.2. Car Ownership and Purchase Behavior

Customers prioritize comfort, aesthetic appeal, pricing, safety, resale value, and performance when buying a car.[1] Information sources included advertisements, sales personnel, promotions, and recommendations. Key purchase drivers were convenience, social status, affordability, safety, and tax benefits. Most respondents were aware of their car and company's performance.[1]

4.3. Customer Satisfaction Levels on Key Service Aspects

Respondents provided their perceptions on various service aspects within the automobile showroom and service center experience. The following table summarizes the combined percentages of respondents who 'Strongly Agreed' or 'Agreed' with statements related to these services.

Table 2: Customer Satisfaction Levels on Key Service Aspects

Service Aspect	% Strongly Agree + Agree	Interpretation
Proper arrangement of documents	92.0%	Majority satisfied with paperwork (RTO, Insurance, etc.).[1]
Services in terms of spare parts & accessories	70.7%	Not completely satisfied; possible reasons include paid accessories and cheaper outside options.[1]
Facilities related to maintenance & parts	80.0%	Generally satisfying experience with maintenance facilities.[1]
Proper inspection and assessment assistance	66.0%	Generally satisfied with inspection processes at service centers.[1]
Automobile company committed & has good behavior of staff	80.0%	Majority satisfied with staff behavior.[1]

Importance of Q1-5 sales services in purchase decision	74.6%	These service aspects significantly affect buying decisions.[1]
Technicians expertise about job work	81.4%	Majority satisfied with technicians' job expertise.[1]
Automobile company has sufficient manpower	70.0%	More than half believe showrooms have enough manpower.[1]
Preference for well-known brands	74.6%	Preference for renowned companies due to existing goodwill and word-of-mouth.[1]
Service centers occupied with all necessary tools and technology	74.6%	Service centers are generally well-equipped.[1]
Complete satisfaction after sales service	74.7%	Generally satisfied with yearly servicing, maintenance, and repair services.[1]
Service centers provide effective (on-time) services	78.0%	Services are generally provided on time.[1]
Consumers prefer to move to another big city to get better service	72.0%	People are willing to travel for better service, especially those considering settling in larger cities.[1]
Overall factors (service quality, vehicle pick up, service advised, facility) affect purchase decision	81.3%	These factors collectively influence purchase decisions.[1]

Descriptive analysis shows high satisfaction with operational aspects: 92% with document arrangement, 80%

with maintenance facilities, 81.4% with technician expertise, and 74.7% with after-sales services.[1] However, only 70.7% were satisfied with spare parts and accessories, indicating potential dissatisfaction due to paid accessories or cheaper external options.

4.4. Hypothesis Testing Results

The study tested three hypotheses using linear regression analysis via SPSS version 21.0, with a t-value greater than 2.58 ($p < 0.01$) indicating statistical significance.

Table 3: Results of the Testing of Hypotheses

Hypotheses (H)	t-value	p value	Results
Ha1 Sales services have a significant role in the purchase decision process.	5.021*	.000	Accepted
Ha2 Customers are much satisfied with the staffing system of the automobile showroom	0.38**	.14	Rejected
Ha3 Characteristics of companies that influence and help in the purchase decision process.	3.216*	.000	Accepted

*implies t-value is significant for $p < 0.01$ & ** implies not significant.

4.4.1. First Hypothesis (Ha1)

Ha1: Sales services play an important role in the purchase decision-making process.

H01: Sales services do not play an important role in the purchase decision-making process.

Ha1, defining sales services have a significant impact on purchasing decisions, was confirmed (t-value = 5.021, $p < 0.01$).[1] Maintenance & Repairs (.77) exerted the largest impact, followed by Commitment & Behavior (.50), Spare Parts & Accessories (.45), Inspection (.21), and Documentation (.15).

4.4.2. Second Hypothesis (Ha2)

Ha2: Customers are highly satisfied with the automobile showroom's staffing system.

H02: Consumers are not more satisfied with the staff system of the car showroom.

Ha2, that customers are satisfied with the staffing system, was rejected (t-value = 0.38, p > 0.01), and this implies customers are less satisfied.[1] Variables included Problem Solving (Beta =.06), Qualification (Beta = -.05), Behavior (Beta = -.32), Well expertised (Beta =.12), and Sufficient Manpower (Beta =.02).[1] Although 80% concurred staff had good behaviour, the rejection of the hypothesis implies dissatisfaction with systemic aspects of staffing such as problem-solving, technical expertise, and manpower sufficiency. Employees were discovered to be unhelpful, less efficient, and technicians were less expected to be competent, needing more staff urgently.

4.4.3. Third Hypothesis (Ha3)

Ha3: Company characteristics that affect and assist in the purchase decision process.

H03: Company characteristics that affect and do not assist in the purchase decision process.

Ha3, that company attributes drive purchase, was found to be acceptable (t-value = 3.216, p < 0.01).[1] The most influential was a familiar brand (Beta =.63), followed by Location (Beta =.27), Technological innovations (Beta =.18), and Accessibility (Beta =.13).

4.5. Discussion of Major Findings and Implications

The research exposes a paradox: initial buys are prompted by sales services (Ha1 accepted), but customers are not lugging along with the staffing system (Ha2 rejected).[1] This "expectation-performance gap" is where intended service quality is compromised by actual staff delivery, potentially leading to customer churn. Car makers need to invest in qualified, customer-oriented personnel and technicians to fill this gap.[1] Well-established brands have a "halo effect" (Ha3 accepted, recognized brand is key influencer), appealing to customers and priming them to be satisfied with process-oriented services.[1] But this doesn't make up for bad human interaction (Ha2 rejected). Strong brands can never relax and have to put money into employee training and proper staffing to ensure erosion of trust and loyalty is avoided, merging operational excellence with brand management.

5. Conclusion and Recommendations

This study emphasizes the importance of customer-focused services to build satisfaction and determine purchase choices in India's automobile sector. The important factors are timely servicing, after-sales service, open warranty policies, and spare parts. A contradiction prevails: services generate first-buy purchases, but satisfaction with staffing lags behind, which suggests an expectation-performance gap. Strong brands reap a "halo effect" but cannot make up for bad human interaction.

Recommendations:

1. Prioritize HR Development and Training: Invest in staff and technicians' extensive training, emphasizing technical proficiency and troubleshooting, not courtesy.

2. Address Manpower Adequacy: Provide adequate manpower in service centers and showrooms to minimize waiting time and responsiveness.

3. Bridge After-Sales Expectation-Performance Gap: Deliberately ensure actual service delivery (maintenance, repair, provision of spare parts) aligns with pre-sales expectations.

4. Streamline Complaint Resolution: Establish effective and clear mechanisms for fast and equitable issue resolution.

5.\tUtilize Technology: Use internet platforms for online scheduling, service histories, and proactive updates to increase convenience.

6.\tStrengthen Brand-Dealer Consistency: Use oversight and incentives for dealerships so that service quality perpetually supports brand image, creating comprehensive loyalty.1By executing these, firms can increase satisfaction, build loyalty, and attain a competitive advantage, establishing a relationship of trust and long-term success.

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