Factors Affecting Customer Satisfaction in Purchasing Car

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Abstract

Globalization of the markets coupled with economic downturn had changes the pattern of customer behavior and consumption patterns. The customer buying behavior is a complex topic as many internal and external factors have impact on the level of satisfaction of the customer. From the past decade, previous researchers had attempted to understand how customers’ needs their responses and feedbacks. In 2017, the number of Honda Civic 2017 Model car owners has reached 109,511 units in Malaysia and the Malaysia’s southern region occupied 34% of Honda’s total sales compared to others car model (Honda, 2018; Lye, 2018). Seeing that the demand for this model is high, it is crucial to study the car owners’ satisfaction align with the automobile and organizational standards, especially through effective customer satisfaction measurement model. The objective of the research is to study the relevant factors that affecting customers’ satisfaction in purchasing Honda Civic car (model 2017). This research studied the factors (price, customers’ services, brand image and quality) in influencing the customers’ satisfaction. The results show that customers’ services and quality have significant relationship towards customers’ satisfaction. The findings would be useful for academicians to further study on factors related with this area or to find out whether similar to apply this to other industry as well.

Keywords: price, customers’ services, brand image, quality, customers’ satisfaction

1. Introduction

In view of the fast-pace business environment in today’s world especially in automobile industry, measuring customer satisfaction is viewed as a parameter that considered as reliable feedback from customers and it contribute as effective, direct, meaningful and objective way the customers’ preferences and expectations. Therefore, through customers’ satisfaction research, managers can understand what happens before, during and after the product being sold. In particular, it is important to look closely at what is measured and the way it is measured.

Customer satisfaction has become watchword for every companies due to increasing competition and more demanding customer. Customer oriented approach and product-oriented approach had received huge debate by both academicians and industry since the past decade. In fact, traditional product orientation approach focuses on qualities of the product which marketing messages is more technical and detailed. Conversely, consumer-oriented approach focuses the needs of customers. However, according to Frambach et al. (2016), as social technology is moving more advance than ever, customers are able to access quality information and compare products easily. Hence, customers are not paying attention on what the company offers but focusing on how the product fulfill their needs.

Despite the prominence of customer satisfaction research, relatively little academic research exist in the area of automobile industry. Therefore, the analysis of customer satisfaction of Honda Civic car 2017 Model in this study seeks to give insight to academicians and marketing and management managers. It aims to provide useful ideas to managers about factors affect customers’ satisfaction and where they can take effort for improvement of their business process and sustain their business. As the result of these actions, long-range consequences were that automobile companies might achieve supreme level of customer satisfaction and gain competitive advantage.

To ensure that the customers’ satisfaction is aligned with the automobile and organization objectives, an in depth study of factors affecting customers’ satisfaction about their car models may disclose the need for customer
relationship management, marketing research and after sales services. For this research, the authors focus on several factors that pose greater impact to the customers’ satisfaction on Honda Civic car 2017 Model which was conducted with car owners in Johor state, Malaysia. This study aims to achieve the objectives as follows:

1) Using Honda Civic car 2017 Model as a proxy, to identify the effect of price, customer services, brand image and quality on the customers’ satisfaction.

2) To suggest some solutions or strategies that can be implemented in order to overcome the loophole that present in the production, management and marketing processes in automobile companies.

2. Literature Review on Key Variables

This section reviews on the key variables for this study, namely customers’ satisfaction, price, customer services, brand image and quality.

2.1 Customers’ Satisfaction

Customer satisfaction refers to evaluation of the customers’ perceived discrepancy between prior expectations and the actual performance of a specific product or services (Williams, 2009). Customer satisfaction is the reaction of customer to the state of satisfaction and their judgment of satisfaction level (Kim, Park, & Jeong, 2004). Further, customer behavior is primary used for formulating marketing strategies and adapt the marketing mix to their needs (Ilieska, 2013). Satisfactions of customers with products or services of a company is considered one of the most important factor leading towards competitive advantage and thus, leads to gain above average profit.

Some studies had conducted on identifying the factors contributing towards customer satisfaction for automobile industry. Fakiruddin, Wagih and Faris’s (2010) study concluded that customer satisfaction is strongly related to the connections between customers and automobile companies and will have higher financial benefits. Similarly, in Anil and Bhupender’s (2016) study, they emphasized on the factors of customer intention, point of differentiation, customer retention and understanding the expectation of customers. However, these studies are focusing on the industry as a whole, where lack of clear indications on application on any specific companies. Hence, this paper aims to measure the customer satisfaction of a certain car consumers. Specifically, aims to identify the level of customer satisfaction towards 2017 Honda Civic model in Malaysia, Johor district which in southern region occupied 34% of Honda’s total sales in Malaysia in 2017.

2.2 Price

Price refers to the exchange value for a customer to get a product or service with money. Kotler (2017) stated that, a company’s pricing decision should according to its product design, features, distribution and promotion decisions in order to formulate and effective and attractive marketing strategies. For instance, companies often position their products in terms of price and formulate other elements in the marketing mix tailored to the prices they wish to charge. Further, Dolgui (2010) mentioned that, price is an imperative product-positioning factor that outlines the product’s market and competition. Major number of firms apply price-positioning strategies with a method of target costing (Kotler & Armstrong, 2005). This strategy altered the traditional pricing process of designing a new product, determining its relative costs, and setting price based on the cost and mark up margin. Moving into the e-commerce era, customer considerations need to be considered by companies to set an ideal price that according to the market competition and target their cost and price on what customers are willing to pay. Scholars had argued that satisfaction is a function of price, performance and expectations which in terms of pricing fairness and customer price perception (Quareshi, 2015; Hermann, Huber, Sivakumar, & Wricke, 2007). The H1 was drawn based on the literature review.

**H1: Price has a significant relationship with customer satisfaction.**

2.3 Customer Services

Kasper, Helsdingen and Gabbott (2006) indicated that service can be characterized into five “I” dimensions:

1. **Intangibility:** Service is performing certain activity or providing experience.
2. **Inseparability:** A degree of simultaneous performing production and consumption.
3. **Inconsistency:** In the process of providing service, the service provider and customer are influenced by the environment created by the service provider.
4. **Inventory:** Service are intangible. Service provider have few to zero level of inventory.
5. **Inability to own:** Service does not always result in transfer of ownership. For example, renting a car does not mean the customer have the rights to own the car.
Kotler (2017) further pointed out that service components can be distinguished into five distinctive categories: (1) tangible good with no service accompanying with the goods, (2) tangible good accompanied by one or more services, (3) consist of equal parts of goods and services, (4) consist with major services and supported by goods and (5) pure service offerings. Additionally, Nawaser and Adshar’s (2010) study on relationship between service quality and customers’ satisfaction suggested that, it is important for managers to focus on customer service because it often results in enhancing product quality, developing distinctive core competencies, reaching competitive advantage and gaining profitable opportunities. The following hypothesis was put forwards.

**H2. Customer services has a significant relationship with customer satisfaction.**

2.4 Brand Image

Image is an important element of companies that offering products or services. A brand acts as the most powerful element in automobile industry due to its unique characteristics of perishability, inseparability, tangibility and heterogeneity (Dhillon, 2013). The importance of brand image is due to it serves as a reflection of a brand held in customers’ memory (Saleem & Raja, 2014). Brand image is depends on what messages that companies wish to position themselves in customers’ mind and the effectiveness of the process of delivering message (Mohajerani & Miremadi, 2012). Research outcomes show that brand image had a positive significant relationship towards customers’ satisfaction. (Upamannyu, 2014; Kariuki, 2015; Matulessy, 2017).

For automobile image, the operationalization of the holistic dimension of automobile is based on customer’s perception of the product’s safety, reputation, quality of customer service (Cetin, 2016). Thus, in order to enhance brand image and maximize customer satisfaction to maintain long-term customer relationship, companies are required to deliver consistent messages to the customers, utilize word-of-mouth marketing to establish credibility. As such, H3 was postulated as follows.

**H3. Brand image has a significant relationship with customer satisfaction.**

2.5 Quality

Increasing global competition over the past decade had forced automobile companies to improve quality and efficiency (Goicoechea & Fenollera, 2012). The product quality can be viewed in different ways and quality of a certain product is determined by customers or stakeholders requirements (Nagyova & Pacaiova, 2010). High product quality leads to high customer satisfaction and will increase companies’ performances and market shares (Goicoechea & Fenollera, 2012).

According to Amineh and Kosach (2016), the concept of quality in accessing automobile customers’ satisfaction become deeper while the automobile industry is evolving, result in intense competition, companies are fighting against market share, and striving to differentiate themselves from competitors. In fact, recent year management and marketing theories had suggested that companies are required to set its strategy priority on customer and satisfaction of driving a car (Suchanek, 2015; Asgarpour, 2015). Therefore, this study hypothesizes that:

**H4. Quality has a significant relationship with customer satisfaction.**

The research framework as follows:
3. Methodology

The authors have obtained 12 customers’ lists from 12 Honda car dealers in Johor state. The lists were sorted out to obtain customers who bought Honda car Model 2017. After sorted out, the total population is 37,233. Prior to data collection, a pilot study was conducted with 30 respondents who were selected randomly from the lists. 1000 respondents were selected using simple random sampling technique for survey purpose. Research questionnaire were distributed by hand, mails and also email to the respondents and followed up by phone calls, text messages and face to face to collect back the filled questionnaires. Finally, the authors managed to collect 208 sets questionnaires back. After screening the returned questionnaires, only 201 sets questionnaire are useable for data analysis.

The questionnaire used to tap responses consist of 32 items in all in which six items are about demographic information of the respondents, twenty items enquired about independent variables, five items about dependent variable and one item for opinion feedback. The questionnaires were based on the five-point Likert scale.

4. Findings

For this study, all variables were checked for normality of distribution. The distribution was symmetric. The quantile-normal plot of the residuals confirms normality of errors. As shown in Figure 2 and Figure 3, the residual versus fit plot confirm linearity and equal variance. This indicates that the data has no normality and linearity problems and could be further analyzed with SPSS (Statistical Package for the Social Sciences) software.
For the reliability test, all the variables show Cronbach’s alpha values which are more than 0.7, indicated that fair reliability (Gross & John, 2003). Previous studies applied Cronbach’s alpha values for preliminary stage screening (Mandy & Leong, 2021). Table 1 shows the reliability analysis of the variables presented in the study. As
mentioned in Mandy and Leong’s (2021) study that “A coefficient alpha ranged between 0.70 and 0.84 are interpreted as having good reliability while alpha value between 0.60 and 0.70 indicates fair reliability (Gross & John, 2003). Indeed, Hair et al. (2010) stated that common lower limit for Cronbach’s alpha is 0.70”. Thus, all the variables for this study are reliable as all recorded values are more than 0.70.

Table 1. Result analysis results for variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Number of items</th>
<th>Cronbach's alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price (P)</td>
<td>9</td>
<td>0.764</td>
</tr>
<tr>
<td>Customer Services (CS)</td>
<td>12</td>
<td>0.841</td>
</tr>
<tr>
<td>Brand Image (BI)</td>
<td>7</td>
<td>0.742</td>
</tr>
<tr>
<td>Quality (Q)</td>
<td>4</td>
<td>0.701</td>
</tr>
<tr>
<td>Customer Satisfaction (Csa)</td>
<td>4</td>
<td>0.708</td>
</tr>
</tbody>
</table>

Multiple regression analysis was conducted to examine the relationship between independent and dependent variables. Table 2 shows the findings of multiple regression analysis.

Table 2. Coefficient of multiple regression analysis

<table>
<thead>
<tr>
<th>Coefficients*</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>13.732</td>
<td>1.109</td>
<td>12.383</td>
<td>0.000</td>
</tr>
<tr>
<td>P</td>
<td>.632</td>
<td>.229</td>
<td>.025</td>
<td>2.761</td>
</tr>
<tr>
<td>CS</td>
<td>.209</td>
<td>.217</td>
<td>.043</td>
<td>.962</td>
</tr>
<tr>
<td>BI</td>
<td>.132</td>
<td>.242</td>
<td>.016</td>
<td>.547</td>
</tr>
<tr>
<td>Q</td>
<td>.074</td>
<td>.231</td>
<td>.078</td>
<td>.308</td>
</tr>
</tbody>
</table>

R Square = 0.144
Adjusted R Square = 0.124
F value = 12.383
N =201

Note. P: Price; CS: Customer services; BI: Brand Image; Q: Quality.

From regression analysis done, R^2 value is significantly greater than 0 and this indicate that the predictors are able to account for a significant amount of variance in effectiveness of performance appraisal. Thus, the regression model is significant. From the ANOVA table (testing using alpha = .05), the overall regression model was significant, F(4, 168) = 12.383, p < .001, \( R^2 = .144 \).

From Table 2, the p value for each variable were analyzed, where p < 0.05 is considered as significant. Thus, from the results generated, it shows that there is a positive significant relationship between customer services and quality towards customers’ satisfaction. This indicates that increase in overall customer services and quality will increase the customers’ satisfaction. Furthermore, the results also show that quality with the highest beta coefficient value (0.078), which means that it poses the greater impact on the customers’ satisfaction.

The following section discusses about the results for hypotheses. Hypotheses 1 stated that price which included price perception, price fairness and price tolerance does not have impact on the customers’ satisfaction. From the above regression analysis shown in Table 2, there is insignificant relationship between price and customers’ satisfaction, where p = 0.127, which is greater than .05. Thus, hypotheses 1 is rejected. This finding is not concurrent with the previous study developed by Herrmann et al. (2007) who proposed that price fairness and customer satisfaction are correlated. The findings indicate that, Honda Civic 2017 model owners in Johor district are not very price sensitive. As stated by Adhikari (2015), price is a subjective factor and it is perceived differently by individual. Another justification is this might be due to district and it has limited effect towards the judgment of satisfaction.

Hypotheses 2 stated that the customer services have a positive relationship on the customers’ satisfaction. From the regression analysis in Table 2, the p value obtained for this variable is p = 0.006, which is less than .05 (p < 0.05), resulted in the stated variable is significant in affecting the customers’ satisfaction. Thus, the hypothesis 2 is accepted. The result is concurrent with the previous study developed by Daniel and Berinyuy (2012) stated that customers are very sensitive about services given to them, as well as pre-sales and post sales services, and
these factors can influence customers’ satisfaction.

Hypotheses 3 stated that there is a significant relationship between brand image and customers’ satisfaction. However, regression analyses presented in Table 2 shows that, the p value of this factor is $p = 0.329$ which is greater than .05, considered as insignificant. The hypothesis is rejected. This means that either brand image is strong or weak will not increase customers’ satisfaction. This finding is contra with Upamannya (2014) and Matuletty’s (2017) studies which stated that brand image has significant relationship with customers’ satisfaction. However, Lahap et al. (2016) mentioned that, although brand image serves as one of the sales factors, it does not really impact the level of customer satisfaction.

Hypotheses 4 assumed that there is a positive relationship between quality and customers’ satisfaction. Table 2 shows that the p value obtained for this variable (quality) is $p = 0.001$, which is less than .05 ($p < 0.05$). This means that quality is significant in affecting the customers’ satisfaction. Thus, the hypothesis 4 is accepted. Higher quality of this Honda Car model 2017 will increase the customers’ satisfaction. This supports the earlier studies by Nagyova and Pacaiova (2010) and Goicoechea and Fenollera (2012) who mentioned that product quality has direct impact on customers’ satisfaction.

Table 3 presents the summary for hypotheses results. As shown by the table, two hypotheses (H2 and H4) were accepted and the other two hypotheses (H1 and H3) were rejected.

Table 3. Hypothesis results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Description</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Price has significant relationship towards customer satisfaction on Honda Civic car 2017 Model.</td>
<td>Rejected</td>
</tr>
<tr>
<td>H2</td>
<td>Customer services have significant relationship towards customer satisfaction on Honda Civic car 2017 Model.</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3</td>
<td>Strong brand image has significant relationship towards customer satisfaction on Honda Civic car 2017 Model.</td>
<td>Rejected</td>
</tr>
<tr>
<td>H4</td>
<td>Quality has significant relationship towards customer satisfaction on Honda Civic car 2017 Model.</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

5. Discussion

In this study, four determinant factors, thus price, customer services, brand image and quality were examined and tested. The generated results revealed that not all discussed factors have significant effect to the customers’ satisfaction. Results show that customer services and quality are significant which able to positively affect the customers’ satisfaction. However, results also show that price and brand image do not have significant effect on customers’ satisfaction overall.

From the regression analyses results as mentioned above, hypotheses on the relationships of customer services and quality factors towards customers’ satisfaction are accepted, while the hypotheses on the relationship of price and brand image factors towards customers’ satisfaction are rejected. The deviate results from the previous studies are due to that most of the studies were done on retailing products instead of automobile industry. Deviate results might cause by the difference of industries’ practices and respondents’ cultural background.

Refer to the findings, it was noted that customer services and quality are significant factors in affecting customers’ satisfaction. Thus, it is necessary for the automobile manufacturers and marketers to analyze each stage of the marketing process and make instant improvement and changes on the detected loopholes. Efficient marketing process which includes provides customer services is important to increase the satisfaction level of customers towards purchase process. Further, customers’ satisfaction will lead to increase in sales and repeat purchase.

6. Implications of Study

From the theoretical perspective, this study helps to identify the effect of price, customer services, brand image and quality on the customers’ satisfaction with the sample of Honda car 2017 Model owners in Johor state, Malaysia. Most of the studies which conducted previously mostly focus on retailing products and relatively very little on automobile industry. However, the past studies are able to devote as literature which examine the variables that involved in this study and constructed a theoretical framework as the basis of this study to examine the relationship between these variables. Indeed, this study also contributed to scholars by providing a new academic evidence for the automobile industry in Malaysia in regards to the factors that can affect the customers’ satisfaction, particularly on owners of Honda car Model 2017 in Johor state, Malaysia.

In addition, this study helps manufacturers and/or marketers to look into the significant factors which affect the
customers’ satisfaction instead of making wrong decisions. It is expected that the findings of this study can be utilized by management to formulate the marketing strategies to best fit with the environmental changes (i.e., technological, political, social and cultural factors) and customers’ preferences (i.e., lifestyles, taste and expectation). For instance, the results of the study show that customer service is one of the significant factors which impact the customers’ satisfaction. Thus, marketing department can focus on promoting pre and post sales services to customers and also improve their services quality. The regression analyses results show that quality of the automobile which included model design, durability and functions have the highest weightage. Thus, production department should look into this during the planning phase in order to design model as expected by customers and marketing department can plan for providing best customer services to customers to achieve customers’ satisfaction.

These findings are also beneficial for automobile manufacturers’ policy makers in order to produce a more comprehensive policy that able to support the product research and development (R&D) system. As from the study, quality is also one of the significant factors which affect the customers’ satisfaction, thus, the model design, durability and functions need to be taken into account in production stage and R&D activities for further product improvement and development.

As mentioned in the discussion earlier, customers’ satisfaction is highly related to the sales and repeat purchase, which leads to achieve organizational goals. Thus, marketing manager should also focus on getting latest and updated data about their customers’ feedback, reviews and responses to improve their products or services provided to customers. This helps to improve the productivity of organization which is one of the important factors to achieve competitive advantage. Moreover, frequent follow up with customers will add value to organization’s reputation and goodwill for quality customer services.

7. Conclusion

The automobile industry relies greatly on the professional workforces in order to execute its strategy and achieve objectives. Besides their workforces, automobile manufacturers need to take into account their customers’ satisfaction to retain current customers and attract new customers. Therefore, market research about customers’ satisfaction become increasingly concerned with the commitments to meet customers’ expectations. In relate to this, the study has examined the factors that can affect the customers’ satisfaction with the respondents of Honda car Model 2017 in Johor state, Malaysia. The results of the study indicate that customer services and quality served as the significant and key factors which affect the customers’ satisfaction and should be focused by the production and marketing managers to improve on overall basis to achieve organizational objectives. However, according to the findings, price and brand image are not significant to impact on the customers’ satisfaction.

Furthermore, this study has answered the research questions and met research objectives. Results from the study also able to provide implication to management to improve on management practices and production policy and suggestions for future research. The findings are beneficial for the automobile manufacturers to improve on the areas that can enhance the productivity and workforces for management and marketing ultimately generate a better performance process and provision to increase the whole organization’s performance.

From the generated results, it is important that the customers’ satisfaction should be paid attention as customers are the critical factor for a company to succeed. Production, management and marketing processes are related with each other and require cooperation and commitment from all of the employees. Besides that, the customers’ feedback and responses could be treated as sources of inspiration for R&D activities to meet the customers’ expectation and maximize their satisfaction level. In long run, customer-centered product and/or services will gain more support from customers and this can devote greatly towards sales, reputation and goodwill of the manufacturers as well as organizations in achieving their organizational objectives.

References


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