

## **Customer Satisfaction in Automobile Industry in Kathmandu District**

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### **Abstract**

This study aims to evaluate the relationship between the satisfaction of customers in terms of after-sales services in the automobile industry in Kathmandu. This study applied a descriptive research design. This study type was quantitative. Since the population is unknown in this study 384 questionnaires were collected from respondents of this research work applying a purposive sampling technique. The population of the study was both two-wheeler and four-wheeler vehicle users from many places in Kathmandu and various backgrounds. Purposive sampling techniques were used in this study. This study applied the self-administered close-ended survey questionnaire. Multiple choice questions based on the Five-Point Likert Scale developed by Rensis Likert were used to mention a level of a statement of disagreement to an agreement where 1 indicates strongly disagree and 5 indicates strongly agree. Data were analyzed on the basis of the majority of respondents/responses collected out of the total sample size (384) entered in the table of the Five-Point Likert Scale. Respondents who are in favor of an agreement with all of the tables and statements are more than that of disagree. Therefore, it can be concluded that there is a high association between the satisfaction of customers with components of after-sales service i. e., the cost of service, service quality, responsiveness, and speed of service of automobiles in various places in Kathmandu. It can be concluded that these components are associated with customer satisfaction. The automobile industry should be guided by the Kano model to meet the requirements of consumers in terms of products and services.

*Keywords:* after-sales service, automobile industry, cost of services, customer satisfaction, quality services, responsiveness, speed of service

### **Introduction**

In a present highly competitive time where business organizations have to compete for their consumer, consumer satisfaction plays the main organizational strategic role to keep

customers. A satisfied customer is a need to improve the economic status and returns of the business (Yi, 1990). Customer satisfaction, loyalty, and retention can be created and established through the way of after-sales service of products or services (Juneja 2019). After-sales service provide satisfaction to both service seekers and taker and service providers (Sharma 2019). After-sales services consist of responsiveness and speed of service maintenance (Bloemer & Lemmink 1992). Vital determinants behind consumer satisfaction are their expectation. Research indicates that customers are satisfied if the product or service may exceed or meet their expectations. If expectation falls short, a customer may easily be disappointed (Mehrish et. al., 2016). They further state that satisfaction of customer is an abstract and ambiguous notion and the actual thought of satisfaction differs from customer to customer and product or service to product or service.

In the Nepalese market, the transaction of automobiles has been growing. The demand for automobiles is increasing in Nepal because of growing remittances, disposable earnings, and the affordable capacity of Nepali (Department of transport management, 2019). In 1901, vehicles for the first time were launched by Juddha Shamsher, the Rana prime minister in Nepal. According to researchers of service, the relationship between consumer satisfaction and quality has been one of the most important phenomena (Chai et. al., 2009). Nepal has no exception. Despite its growing popularity and concern, relatively limited studies have been done on the association between the satisfaction of customers and the automobile industry in Kathmandu. Keeping in view the phenomenon, the study has been carried out.

#### **Statement of the Problem**

Satisfaction of consumers and after-sales services are the most significant dimensions that influence the automotive business and market (Ulle et. al., 2018). Satisfied customers advocate in favor of the business, industry, and its goods and services. An after-sales service technique is inevitable for the sales promotion of products and services. Marketers should understand that the customer is the king of any business. This technique helps to create loyal customers and retain them for a long-lasting (Juneja 2019). However, dissatisfied customers will go to competitors who can give proper after-sales services and hence make a great deal of loss for the business. Thus, it is important to study the level of satisfaction of customers and after-sales services in the industry of automobile.

To date, limited research has been carried out on the phenomenon of satisfaction of consumers with after-sales service in the context of the Nepalese automobile industry (Poudel, 2019). This study plays a crucial and pioneer role in this context. Considering that this study attempts to answer the following research issue:

“How do you evaluate customer satisfaction on the after-sales services in the automobile industry in Kathmandu?”

#### **The Study's Objective**

The study's objective is to evaluate customer satisfaction with the after-sales services in the automobile industry in Kathmandu.

**Significance of the Study**

Due to the dearth of research work in this field, the current research is crucial in itself. The findings of the research study can be useful for concerned agencies in the automobile enterprise to formulate plans and strategies and execute accordingly to improve customer satisfaction and attract and maintain them in the present competitive scenario, especially in underdeveloped countries such as Nepal. This can make it possible to earn more income by providing ultra-quality after-sales service and easily achieve the goal/s of the automobile industry. Currently, the Nepalese market has several different types of automobile models and brands in the automobile market and industry which are intensely competing among them. This study will help these marketing agencies and manufacturers to understand customer behavior and attitude on how to behave with them. Moreover, it will be beneficial for scholars and academicians to carry out further study on a similar type of title and will be a reference for the coming research. Learners and the automobile industry can get benefitted from this study by providing new information and concepts. In addition, the study will be helpful to policymakers, management teams, and stakeholders of the automobile manufacturer and seller as it directs them in understanding which variable of service quality should be needed to enhance customer satisfaction.

**Limitations of the Study**

The study was conducted based on the majority of respondents from automobile users who remained in Kathmandu. Thus, this study cannot be generalized. Further research should be done applying descriptive and inferential statistics. Socio-demographic dimensions such as age, experience, profession, and academic qualification can also be incorporated.

**Literature Review**

Literature reviews include conceptual, theoretical, and empirical reviews.

**Conceptual Review**

In this study, conceptual reviews consist of customer satisfaction, components of after-sales service namely cost of services, service quality, responsiveness, and speed of service of automobiles.

**Customer Satisfaction**

Customer satisfaction depends on customer loyalty toward the business organization. Satisfaction of customers and customer complaints are negatively related (Fornell & wernerfelt 1988). Simply stated, satisfaction exists when consequences reach the level of expectations. Customer expectations are affected by their different experiences, requirements, and goals. The long-term success of a business rest on customer satisfaction which can be indicated by consumer behavior that should be documented in marketing literature. Happy customers are an indication of customer satisfaction that can be achieved through service deliveries by service providers (Poudel, 2019). It depends on good service, buying process, new products or services, and quality. Customer satisfaction can be

measured based on the difference between the expectation of customers and their perceived experience of them (Singh & Goyal, 2019). They state that customer satisfaction is a psychological concept. However, quantitative measurement should also be considered carefully.

#### **After-Sales Services**

In satisfaction of customers, after-sales services of products and services play a fundamental role for many businesses and industries (Juneja 2019). It is a matter of creating services for the customers by using the same products or services of a company (Sharma 2019). After-sales service generate and maintain the relationship between customer and business companies after the purchasing step of goods and services (Kotler & Armstrong 2010). The business company hereby supports the clients to utilize the thing after sales.

#### **Cost of Services**

Cost is a determining element for consumers when buying or maintaining physical goods or services. Generally, he or she wants to take service at a reasonable price. Otherwise, the purchase behavior of customers will not repeat. The study conducted by (Lele, 1997) revealed that businesses should understand and adopt cost-effective strategies when providing service to customers.

#### **Quality of Services**

The holistic elements and features of physical goods and services which can meet the satisfaction level of given needs is the quality (Chavan, 2003). After-sales service quality is a must in the current business world. Service quality can be regarded as a significant phenomenon (Cronin & Taylor 1992). Quality service leads to customer loyalty and customer satisfaction by improving the positive attitude of customers towards the company. Disappointed customers can go to competitors who can sell quality services. Hence, the business company should always take care regarding quality products and services in the present intense competitive time and globalization.

#### **Responsiveness**

The trust and credibility of clients can be measured through the prompt responsiveness of employees (Hussain et. al., 2011). Responsiveness can enhance the goodwill of the company. It is a very crucial element of after-sales service.

#### **Speed of Service**

Fast service is important for consumer satisfaction (Newman, 2017). Speed of service indicates immediacy and efficiency for clients. In this situation, business organizations attract customers (Newman 2017).

#### **Theoretical Perspective**

This study is guided by the following Kano Model:

#### **Kano Model**

This stud is guided by Kano Model developed by Dr Noriyaki Kano in 1984. The goals of this model are to link customer satisfaction with requirements accomplished by

products and services. According to this model, three types of requirements affect the satisfaction of customers. They are “must be”, “one dimensional”, and “attractive”. The “must be” requirement indicates some characteristics of products or services. It signifies that if this requirement is not met by a company the customer will be disappointed. “One-dimensional” and “attractive” requirements enhance the level of consumer satisfaction (Adusei & Koduah, 2019).

### **Empirical Review**

A study by Jahanshahi et. al., (2011) inferred an association between the satisfaction of customers and the quality of products and services in Tata Motor’s company. A positive correlation was found between customer loyalty and satisfaction of customers in the automotive market of India.

Mahapatra et. al., (2010) found a high link between the behavior and quality of service of dealers with consumer satisfaction. These dimensions affect the future purchase decisions of customers.

A study by Adusei & Tweneboah-Koduah (2019) revealed that there is a positive relationship between the satisfaction of customers and the quality of services in the automobile business. After-sales services are an important instrument to improve consumer satisfaction through quality services.

A study by Goyal & Singh (2019) inferred that according to the majority of customers, service quality ranges from low to satisfactory and the salesperson’s behavior ranges from satisfactory to high.

The findings of the research carried out by Khanal (2016) showed that the majority of respondents are satisfied with the service quality of the Bajaj motorbike in Kathmandu Valley. There is a positive and moderate degree of correlation between independent dimensions i. e., assurance, reliability, responsiveness, and empathy with dependent dimensions i. e., customer satisfaction.

A study by Shrestha (2020) inferred a positive and moderate degree of relationship between the dependent dimension namely customer satisfaction and independent dimensions namely service quality, responsiveness, reliability, and assurance in two-wheelers Bajaj company.

A study by Poudel (2019) inferred that there is a positive and average level of relationship between independent factors namely, service quality, prompt responsiveness, cost, speed of service, and satisfaction of customers towards the after-sales services. Among these independent factors, responsiveness was the most satisfying factor whereas the cost of service was the lowest one.

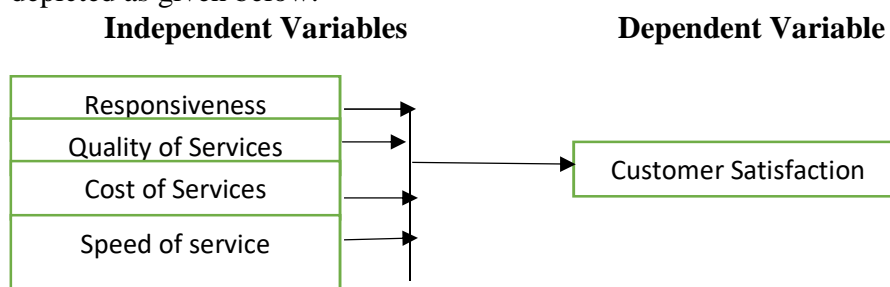
### **Research Gap**

Even though the automobile business is one of the largest businesses in plenty of nations, to the best of the researchers’ knowledge based on the available literature, limited studies have been undertaken in the area of satisfaction of customers in terms of after-sale

service in Nepal. In the Nepalese context, the comprehensive situation of the level of customer satisfaction in after-sales service of the automobile industry is yet to be known. (Poudel, 2019). Thus, this research study evaluates the satisfaction of customers towards after-sales services in the Nepalese automobile industry.

### Conceptual Framework

A conceptual framework is like maps that give coherence to an empirical inquiry. Based on the previous studies and literature the conceptual framework for the study has been depicted as given below:



This study applied a descriptive research design. This study type was quantitative. Since the population is unknown in this study 384 questionnaires were collected from automobile users as respondents applying a purposive sampling technique. Two-wheeler and four-wheeler private vehicle users from many places in Kathmandu and various backgrounds were the population of this study. The users who had gone to a workshop for servicing and repairing and can read and write questionnaires were sent questionnaires. The questions had not been provided to the automobile users/respondents who did not have a driving license. The study used a self-administered close-ended survey questionnaire. Multiple choice questions based on the Five-Point Likert Scale developed by Rensis Likert were used for the respondents to mention a level of the statement of disagreement to agreement beginning with 1= strongly disagrees to 5=strongly agree. Out of 425 questionnaires distributed for responses only 405 questionnaires were collected. However, only 384 responses were considered for analysis which were meaningful and complete were analyzed based on the majority of responses collected out of the total sample size (384) entered in the table of the Five-point Likert scale.

### Results and Discussion

This section includes tabulation, presentation, findings, explanation, discussion, and comparison of data. The respondents were asked questions in the following four tables based on Likert Five-Point Scale where 1= Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; and 5= Strongly Agree.

**Table 1***Customer Perception towards Responsiveness of Service Centers*

S.N.	Statements/Items	1	2	3	4	5
1.	The system of suggestion, advice, and complaint handling of the automobile business was fast and in turn satisfying.	42	35	49	209	49
2.	Employee responses to the automobile service were much more satisfactory.	35	42	112	160	35

Table 1 shows that 42 and 35 of employees strongly disagreed and disagreed respectively with statement no. 1 “The system of suggestion, advice, and complaint handling of the automobile business was fast and in turn satisfying.”. 209 and 49 of respondents/employees are in favor of agreeing and strongly agreeing respectively even though 49 of the employees show the scenario of neither disagreeing nor agreeing with the statement. Similarly, 35 and 42 of the employees strongly disagreed and disagreed respectively with statement no. 2 “Employee responses of the automobile service was much more satisfactory.” 160 and 35 of respondents/employees are in favor of agreeing and strongly agreeing respectively even though 112 of employees show the scenario of neither disagree nor agree with the statement.

**Table 2***Customer Perception towards Quality of Services*

S. No.	Statement / Items	1	2	3	4	5
1.	It is believed that the service centers consist of skilled and experienced technicians	28	21	56	182	97
2.	The service center is highly automated.	21	35	98	181	49
3.	The service center performs very effective service	28	35	105	174	42

Table 2 shows that 28 and 21 of employees strongly disagreed and disagreed respectively with the statement “It is believed that the service centers consist of skilled and experienced technicians”. 182 and 97 of employees are in favor of agreeing and strongly agreeing respectively even though 56 of the employees show the scenario of neither disagreeing nor agreeing with the statement. The remaining statements namely S. N. 2 and 3 as well indicate similar types of results. These statements also show the scale of agreeing is much more than that of disagreeing.

**Table 3***Customer Perception towards Cost of Service*

S. N.	Statement/Items	1	2	3	4	5
1.	The cost of service is affordable	21	35	76	210	42
2.	The service centers provide various schemes for service	28	28	77	216	35
3.	The service centers have different modes of payment	35	49	55	210	35

Table 3 shows that 21 and 35 of employees strongly disagreed and disagreed respectively with the statement “The cost of service is affordable”. 210 and 42 of the employees are in favor of agreeing and strongly agreeing respectively even though 76 of the employees show the scenario of neither disagreeing nor agreeing with the statement. The remaining statements namely S.N. 2 and 3 as well indicate similar types of results. These statements also show the scale of agreeing is much more than that of disagreeing.

**Table 4***Customer Perception towards the Speed of Service*

S. No.	Statement/Items	1	2	3	4	5
1.	It can be contracted easily to the service center	22	20	90	203	49
2.	I feel that the service center is sensitive to agreed times	21	42	84	188	49
3.	The service center timely informs the service taker	28	42	77	181	56

Table 4 shows that 22 and 20 of employees strongly disagreed and disagreed respectively with the statement “It can be contracted easily to the service center”. 203 and 49 of employees are in favor of agreeing and strongly agreeing respectively even though 90 of employees show the scenario of neither disagreeing nor agreeing with the statement. The remaining statements namely S.N. 2 and 3 also indicate similar types of results. These statements also show the scale of agreeing is much more than that of disagreeing.

**Discussion**

Table 1 shows that 209 respondents agreed with the statement “System of suggestion, advice, and complaint handling of the automobile business was fast and in turn, satisfied” and 49 strongly agreed with the same. On another hand, 35 disagreed with the statement and 42 respondents strongly disagreed. Respondents who are in favor of an agreement with this statement more than that disagree with the same. Therefore, it can be stated that there is a link between responsiveness and satisfaction of customers with the statement on average even though 49 respondents are showing neutral satisfaction towards the statement. Similarly, 35 and 42 of the employees strongly disagreed and disagreed respectively with the statement “Employee responses of the automobile service were much more satisfactory.” 160 and 35 of the respondents/employees are in favor of agreeing and strongly agreeing respectively even though 112 of the employees show the scenario of neither disagreeing nor



agreeing with the statement. Respondents who are in favor of an agreement with this statement more than that disagree with the same. Therefore, it indicates a relationship between responsiveness and satisfaction of customers with the statement on average even though 112 respondents are showing neutral satisfaction towards the statement. It can be interpreted that customers agree that the responsiveness of the service center is satisfactory due to the good handling of customer complaints by the response of staff.

Table 2 indicates the perception of customers towards the quality of services provided by the service center. This table shows that 182 respondents agreed with the statement “It is believed that the service centers consist of skilled and experienced technicians” and 97 strongly agreed with the same. On another hand, 21 disagreed with the statement and 28 respondents strongly disagreed. Respondents who are in favor of agreement with this statement more than that of disagreed with the same even though 15 respondents are showing neutral satisfaction towards the statement. In addition, all other remaining statements in this table show the scale of agreeing is much more than that of disagreeing. Therefore, it can be interpreted that there is an association between the quality of services and the satisfaction of customers with the statement.

All of the statements in Table 3 titled “Customer Perception towards the Cost of Service” show the scale of agreeing is much more than that of disagreeing. Therefore, it is found that there is an association between the cost of service and the satisfaction of customers with the statement. It can be interpreted that the cost of service can satisfy customers. Similarly, all of the statements in Table 4 titled “Customer Perception towards the Speed of Service” show the scale of agreeing is much more than that of disagreeing. Therefore, it can be interpreted that there is an association between the speed of service and the satisfaction of customers with the statement. Overall, this study is consistent with the studies of Poudel (2019) and Shrestha (2020), and is in line with the studies of Jahanshahi et. al., (2011), Adusei & Tweneboah-Koduah (2019), and Khanal (2016).

### **Practical Implication**

The automobile industry should be consumer-centric to establish warm permanent relationships with consumers through marketing strategies. The industries should also adopt the Kano model to meet the requirements of consumers of products and services.

### **Conclusion**

This study aims to evaluate the satisfaction of customers with the after-sales services in the automobile industry in Kathmandu. Respondents who are in favor of the agreement with all of the tables and statements are more than that of disagreed. Therefore, it has been found that there is a relationship between customer satisfaction and components of after-sales services namely service quality, responsiveness, cost of service, and speed of service of automobiles in various places in Kathmandu. It can be concluded that these components are associated with customer satisfaction.

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