IMPACT OF RELATIONSHIP MARKETING AND PERCEIVED SERVICE QUALITY ON CUSTOMER LOYALTY: EVIDENCE FROM INDIAN AUTOMOBILE INDUSTRY

ABSRACT OF THESIS

SUBMITTED FOR THE AWARD OF THE DEGREE OF Ph.D. (Business Administration)

BY

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1. Introduction

With the advent and dominance of Liberalization, Privatization and Globalization (LPG), marketing across all the industries has become more competitive than ever before. We are witnessing the customer-driven marketing where all the firms operating in the industry are trying to attract new set of customers and retain existing customers in lot many ways even while offering similar products and services on similar price. It is natural for most of the businesses to lose 15-20% of its customers every year (Reichheld & Sasser Jr, 1990). Customer loyalty and customer retention are the most important challenges faced by most of the Chief Executive Officers across the world (Ball, Coelho & Machás, 2004).

Automobile Industry in India has emerged as one of the key drivers of Indian economy as it plays a key role in developing transportation sector and helping economy to grow faster by generating significant number of employment opportunities. Today’s Automobile customers are well informed and have wide range of choice while buying a vehicle. With little differentiation among automobile products in the same price band and availability of wide range of models and variants often encourage customers to switch from one automobile brand to another one very easily (Ambekar, 2013).

Pursuit for high market share coupled with global competition encouraged sellers, vendors and customers to get into long term relationship that finally resulted in greater interdependence. The automobile industry is pioneer in embarking on developing relationship with their vendors to ensure quality and to reduce inventory cost (Mulkir & Stock, 2003). In order to understand their customers, automobile firms often make use of relationship marketing strategy to collect and analyze important information to help identify the best fit between automobile products and customers. Grönroos (1994) argued that relationship marketing effort should be regarded as investment in customers. The main intention of implementing relationship marketing in a firm is to capitalize on customer loyalty (Raza & Rehman, 2012).
Service quality is an indispensable aspect for any service provider, and firms operating in automobile industry are no exception (Katarne, Sharma & Negi, 2010). Customers of automobiles are very much apprehensive about after sales service offered by the automobile firms especially service centers. With reference to the automobile sector, Cohen, Agrawal & Agrawal (2006) noted a distinct correlation between quality of after sales service and customer intention to rebuy. Parasuraman, Zeithaml & Berry (1988) stated that “Service quality can often make the difference between a business’s success and failure”. Literature review has revealed the impact of service quality on customer loyalty (Wong & Sohal, 2003; Rizka & Widji, 2013).

At this backdrop, the present research study has been undertaken to investigate the impact of relationship marketing and perceived service quality on customer loyalty in Indian Automobile Industry.

2. Literature Review

2.1 Relationship Marketing

The literature revealed that the marketing has moved from “transaction marketing to relationship marketing” (Lindgreen, 2001). While transaction marketing does believe in “sale it and forget it” approach; relationship marketing does involve interactions, relationship and networks (Gummesson, 1991). At one hand transaction marketing approach is based upon the concept of exchange (Bagozzi, 1974); at another hand relationship marketing is “to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and that this is done by a mutual exchange and fulfillment of promises” (Grönroos, 1990).

The concept of relationship marketing goes beyond transactional exchange as it is based on the intention of firms to deliver superior value by emphasizing customers’ perspectives as the focal point of relationship building activities. O’Malley & Tynan
(2000) noted that Relationship Marketing would work effectively when customers are highly involved in the good or service; there is an element of personalization; and customers are interested to be the part of relationship building activities.

Foster & Cadogan (2000) examined how customers’ loyalty is influenced by their relationship with firm at two different levels; specific relationship between customers with the sales person; and the overall relationship customers share with the firm. Peng & Wang (2006) indicated that organizations today have moved their strategic focus from attracting new set of customers (targeting switchers) to retaining existing customers (keeping loyal customers) with the intention of gaining sustainable competitive advantage. Ndubisi (2007) demonstrated that measurement of the “underpinnings” of relationship marketing can predict customer loyalty.

2.2 Perceived Service Quality

Today’s customers are very demanding as they always expect high quality products and service at competitive price. Chao (2008) observed that the customers often decide from whom to receive service on the basis of their evaluation of service quality offered by the service providers. Companies believing in offering high quality service often experience bi-directional growth in their internal culture as well as external reputation; successively they become very tough for competitors to imitate. As service providers strive hard to maintain superior service quality in their offerings; Service Quality has become one of the most vital differentiating factor and it ensure competitive advantage to the service providers over their competitors (Berry, Parasuraman & Zeithaml, 1988).

Parasuraman, Zeithaml & Berry (1985; 1988) conceptualized service quality in their gap model and defined service quality as the “difference between consumers’ perceptions towards services offered by a particular firm and their expectations from the firm offering such services”. They have argued service quality as the assessment of service delivery against expected service performance. The service said to be excellent if service performance exceed customers’ expectations; the service will be considered
satisfactory if service performance just meet customers’ expectations; and the service will be considered poor if the service performance fails to meet customers’ expectations.

Service quality is assumed to be based on multiple dimensions and is a multi-attribute construct (1984; Parasuraman, Zeithaml & Berry, 1985/1988). Parasuraman, Zeithaml & Berry (1988) presented five dimensions of service quality viz. Tangibles, Reliability, Responsiveness, Assurance and Empathy. An individual’s overall perception of service quality can be understood by evaluating technical quality, functional quality and image (Lehtinen & Lehtinen, 1982; Grönnros, 1984). SERVQUAL (Parasuraman, Zeithaml & Berry, 1995; 1988) & SERVPERF (Cronin Jr & Taylor, 1992) are two most prevalent instruments available for service quality measurement. Philips & Hazlett (1997) argued that poor service quality is one of the key reasons why customers switch to competitors. Zeithaml & Bitner (1996) opined that the customers will remain loyal to the firms only if the value offered to them is significantly greater than the value expected from competitors. Wong & Sohal (2003) observed that the service quality is positively connected with customer loyalty and noted stronger relationship at company level than individual level.

2.3 Customer Loyalty

In today’s competitive market, a firm’s success is heavily depends upon its capability to develop and enhance long term customer relationships through offering amazing customer experience. Reichheld (1993) argued that “when a company consistently delivers superior value and wins customer loyalty, market share and revenue goes up, and the cost of acquiring and serving customers goes down”. Dick & Basu (1994) viewed customer loyalty “as the strength of the relationship between an individual’s relative attitude and repeat patronage”. Oliver (1999) who defined customer loyalty as “a deeply held commitment to rebuy or repatronize a preferred product or service in the future despite there are situational influence and marketing efforts having the potential to cause switching behavior”. Reichheld (2003) noted that “Loyalty is the willingness of
someone—a customer, an employee, a friend—to make an investment or personal sacrifice in order to strengthen a relationship". Loyal customers not only come for repeat purchases, they do talk good about company to their family and friends. Majumdar (2005) observed that the “Customer loyalty is a complex, multidimensional concept”. Customer loyalty is a result of repeat purchase, self-stated retention, price insensitivity, resistance to counter persuasion, and recommendation to others (Ganesh, Arnold & Reynolds, 2000).

3. Research Gaps

Regardless of the fact that customer loyalty is fundamental for the sustainable growth of the firms (Reichheld, 1993); the domain of customer loyalty is still under researched in Asian context (Lam, Lo & Burton, 2005). Ball, Coelho & Machás (2004) urged the future researches to extend the measurement of loyalty and its antecedents into other markets and other countries.

Relationship marketing plays very critical role in determining the success of the firm by ensuring customer loyalty and many researchers made their effort to connect relationship marketing with customer loyalty in sectors like Banking (Ndubisi, 2007), Retailing (Prasad & Aryasri, 2008) and Hospitality (Geddie, DeFranco & Geddie, 2005); Not enough researches are available in the context of automobile sector.

Zeithaml & Bitner (1996) opined that the customers will remain loyal to the firms only if the value offered to them is significantly greater than the value expected from competitors. Although, several researches were undertaken to assess the service quality with reference to the banking service (Jun & Cai, 2001), and retailing service (Dabholkar, Thorpe & Rentz, 1996); There is dearth of researches elucidating the impact of perceived service quality on customer loyalty with reference to automobile service.
Nonetheless, to the researcher's knowledge, no research has attempted so far to understand the influence of relationship marketing and perceived service quality on customer loyalty in the context of Indian automobile sector.

In this backdrop, the present study has been undertaken to investigate the impact of relationship marketing and perceived service quality on customer loyalty in Indian Automobile Industry.

4. Research Objectives and Research Hypotheses

The broad objectives of the study are listed below;

- To identify the constructs of relationship marketing in the context of Indian Automobile Industry.
- To investigate the impact of relationship marketing constructs on customer loyalty in the context of Indian Automobile Industry.
- To investigate the impact of perceived service quality dimensions on customer loyalty in the context of Indian Automobile Industry.

Subsequently, the following hypotheses were developed in line with the research objectives;

H1: There is a significant positive relationship between the constructs of Relationship Marketing and Customer Loyalty.
H1a: There is a significant positive relationship between Customer Centricity and Customer Loyalty.
H1b: There is a significant positive relationship between Commitment and Customer Loyalty.
H1c: There is a significant positive relationship between Trust and Customer Loyalty.
H1d: There is a significant positive relationship between Communication and Customer Loyalty.
H2: There is a significant positive relationship between Perceived Service Quality Dimensions and Customer Loyalty.
H2a: There is a significant positive relationship between Tangibility and Customer Loyalty.
H2b: There is a significant positive relationship between Reliability and Customer Loyalty.
H2c: There is a significant positive relationship between Responsiveness and Customer Loyalty.
H2d: There is a significant positive relationship between Assurance and Customer Loyalty.
H2e: There is a significant positive relationship between Empathy and Customer Loyalty.
H3: Relationship Marketing explains Customer Loyalty better than Perceived Service Quality.

5. Research Schema

In accordance with the research objectives and research hypotheses, this research schema (Refer Figure 1) has been developed to lead the present research study.

Figure 1: Research Schema for the Present Research Study

Source: Developed by the Researcher
The core intention of the present research study is to understand the impact of relationship marketing and perceived service quality on customer loyalty in the context of Indian Automobile Industry. In this research schema, Constructs of Relationship Marketing and Perceived Service Quality Dimensions have been considered as independent variables whereas Customer Loyalty has been taken as dependent variable. The research schema was developed to help researcher identify the process to be followed in order to achieve the set research objectives.

6. Research Methodology

Myer (2009) considered research methodology as a ‘strategy of enquiry’. The research methodology is intended to build on a set of basic assumptions and choice of research design to collect the requisite data for the research study.

In this research study, primary data was collected from the respondents who own either a two wheeler or a four wheeler for their personal use with the help of structured questionnaire. The questionnaire contains three broad sections. The first section is intended to capture the perceived service quality assessment of respondents for their vehicle. In the second section, attempt was made to understand the relationship marketing imperatives. The third section is dedicated to depict the belief of respondents towards customer loyalty. In the questionnaire, interval scale is used and all the selected items related to Perceived Service Quality, Relationship Marketing and Customer Loyalty were presented in the form of statements along with five-point likert scale (from 1 = strongly disagree to 5 = strongly agree) in agreement of the statement. Systematic sampling, a probability sampling method was employed to identify the sample for the present research study. This research study relies upon the primary data collected from 510 respondents.

In accordance with the data analysis strategy adopted by Ndubisi (2007); Gaurav (2008); Alrubai & Al-Nazer (2010), the present research study has employed a two-step data analysis strategy to test various hypotheses developed in line with the research
objectives. In the first stage, Exploratory Factor Analysis was conducted considering correlation coefficient matrix of each measurement item to identify the constructs for relationship marketing. In the second stage, multiple regression analysis was employed to comprehend the connection between the underpinnings of relationship marketing, perceived service quality dimensions and customer loyalty.

7. Summary Results of Hypotheses Testing

Hypotheses testing were carried out in accordance with the findings of this research study. To recapitulate the discussions presented in the present research study, Summary Table of Hypothesis Testing containing Hypothesis Statements and the result is given in Table 1.

Table 1: Summary Results of Hypotheses Testing

<table>
<thead>
<tr>
<th>S No.</th>
<th>Hypothesis Statement</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>There is a significant positive relationship between the constructs of Relationship Marketing and Customer Loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H1a</td>
<td>There is a significant positive relationship between Customer Centricity and Customer Loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H1b</td>
<td>There is a significant positive relationship between Commitment and Customer Loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H1c</td>
<td>There is a significant positive relationship between Trust and Customer Loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H1d</td>
<td>There is a significant positive relationship between Communication and Customer Loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>There is a significant positive relationship between Perceived Service Quality and Customer Loyalty.</td>
<td>Partially Supported</td>
</tr>
<tr>
<td>H2a</td>
<td>There is a significant positive relationship between Tangibility and Customer Loyalty.</td>
<td>Partially Supported</td>
</tr>
<tr>
<td>H2b</td>
<td>There is a significant positive relationship between Reliability and Customer Loyalty.</td>
<td>Partially Supported</td>
</tr>
<tr>
<td>H2c</td>
<td>There is a significant positive relationship between Responsiveness and Customer Loyalty.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H2d</td>
<td>There is a significant positive relationship between Assurance and Customer Loyalty.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H2e</td>
<td>There is a significant positive relationship between Empathy and Customer Loyalty.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H3</td>
<td>Relationship Marketing explains Customer Loyalty better than Perceived Service Quality.</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Source: Developed by the Researcher
8. Limitations

While undertaking this research study, researcher came across various limitations that are listed below;

- The one of the most evident limitations of the present research study is its cross-sectional research design. In view of the fact that the population characteristics changes over a period of time cross sectional study is not able to track the changes that take place in due course.

- The findings of the study are based on the data collected from respondents through the use of structured questionnaire. There is possibility of drop error and go error in this research study.

- There is possibility of response bias in this study which may influence the findings of this research study. Although enough precautions were taken to get unbiased response from the respondents; in opinion survey like this, there is always scope for individual prejudice.

- Although due care has been taken to get a representative part of population, the sample considered for the study is a very small fraction of the entire population having two wheelers and four wheelers.

9. Conclusion

The focus of the present research study is to present an empirically tested framework to elucidate the impact of relationship marketing and perceived service quality on customer loyalty with special reference to the Indian automobile industry.

With the help of Exploratory Factor Analysis, four independent set of underlying factors associated with relationship marketing viz. Customer Centricity, Commitment,
Trust and Communication were extracted. These constructs were found to be very significant in determining the strength of marketing relationships in the case Indian automobile industry.

With reference to the impact of relationship marketing on customer loyalty in automobile sector in India, findings of present research study was found to consistent and supports the findings of some previous researches suggesting that the constructs of relationship marketing have high influence on the customer loyalty (Ndubisi, 2007; Gaurav, 2008; Alrubaiiee & Al-Nazer, 2010).

With reference to the impact of perceived service quality on customer loyalty in automobile sector in India, findings of present research study are contradictory as compared with the results of some previous studies (Wong & Sohal, 2003; Lei & Mac, 2005; Kheng, Mahamad, Ramayah & Mosahab, 2010). Interestingly, findings of present research study support the findings of Sachro & Pudjiastuti (2013) who also found that the direct effect of service quality on customer loyalty is not significant.

10. Implications

- In the competitive market, Customer loyalty has became paramount to the success of businesses across the industry. This research study has taken a first step towards empirically proving the link between relationship marketing, perceived service quality and customer loyalty in the automobile service setting in Indian context. This research study provides better understanding with reference to the antecedents of customer loyalty in automobile sector.

- Today, Relationship marketing is one of the most prominently discussed areas in the field of marketing, recognized not only by academics but also by practitioners. The present research study identified constructs of relationship marketing viz. Customer Centricity, Commitment, Trust and Communication;
these constructs were also found to be significant in determining strength of marketing relationship in case of Indian Automobile Industry.

- In the present research study, Relationship Marketing was found having significant impact in explaining customer loyalty. Management of marketing relationship with customers undoubtedly led to customer loyalty. Automobile firms in India should strive to build and maintain quality relationship with their customers in order to win their loyalty. In order to ensure customer loyalty, Automobile firms should keep customers and their interests at the centre of the marketing programme; they must keep their promises and offer reliable communication on time.

- In the present research study, perceived service quality dimensions viz. Tangibles, Reliability, Responsiveness, Assurance, and Empathy were not found to be significant in explaining customer loyalty. As far as customers’ assessment for present automobile service quality is concerned; it’s important to note negative service gap for all dimensions of perceived service quality. In the present scenario, It can’t be said that the automobile customers in India will tend to be loyal just because of the perceived service quality towards an automobile firm in India. In order to ensure customer loyalty, automobile firms in India need to understand customers’ expectations properly in order to design and deliver automobile service in order to meet and exceed their expectations.

- The findings of the present research study provide valuable insights about the antecedents of customer loyalty with reference to automobile service in Indian context. Automobile firms in India ought to consider the findings of present research study while designing strategies to win customer loyalty.
11. Future Research Directions

- Contrast to this cross sectional study, future research may embark on longitudinal study to track the changes that occur over a period of time with respect to the customers' evaluation of perceived service quality & relationship marketing initiatives in order to demonstrate loyalty towards the firm and its service.

- The present research study is limited to appreciate the impact of relationship marketing and perceived service quality on customer loyalty; the future research may possibly attempt to understand the impact of relationship marketing and perceive service quality on other organizational performance measures viz. sales, profitability, customer satisfaction and customer retention.

- Replication of the same research study can be undertaken in other emerging as well as developed market to have robust generalizations with respect to the findings of the study.

- Future research may attempt to understand the effect of various demographic variables on customer loyalty. Finding of the study would help marketers to design customer loyalty programmes considering the demographical differences of the customers.

- Future research may intend to examine the moderation effect of customer satisfaction on relationship marketing-customer loyalty as well as on perceived service quality – customer loyalty relationship.

- This research study is confined to study the customers' perspective towards relationship marketing, perceived service quality and customer loyalty. In Case of Automobile Service, Dealers as well as Service Centers do play critical role in ensuring marketing success. In future, researcher may extend the present
study by studying the dealers' perspectives towards relationship marketing, perceived service quality and customer loyalty.

- The research study at hand has largely relied upon quantitative research methodology as quantitative data have been collected through survey method and was analyzed with the help of quantitative data analysis tools like factor analysis and multiple regression analysis; The upcoming research may undertake qualitative research methodology for data collection as well as for data analysis.
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To All My Teachers
Represented by

My first teacher, My Mother
Mrs. Jayantee Sinha
for guiding me ever since I opened my eyes

And

My Guru
Prof. Kaleem Mohammed Khan
for handholding me in the entire new world of research.
DECLARATION

I do hereby declare that the thesis titled "Impact of Relationship Marketing and Perceived Service Quality on Customer Loyalty: Evidence from Indian Automobile Industry" submitted to the Department of Business Administration, Faculty of Management Studies and Research, Aligarh Muslim University (AMU), Aligarh, India for the degree of Ph.D. in Business Administration is a record of original work done by me under the supervision and guidance of Prof. Kaleem Mohammed Khan (Internal Advisor) and Dr. Satya Prasad V. K. (External Advisor). This thesis has not formed the basis for the award of any Degree / Diploma / Associateship / Fellowship or other similar title to any candidate of any University.

Place: Hyderabad, India
Date: September 15, 2014

(Kunal Gaurav)
CERTIFICATE

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Place: Aligarh, India
Date: September 24, 2014

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"It takes a lot of people to make a winning team, Everybody's contribution is important".

- Gary David Goldberg

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KUNAL GAURAV
PREFACE

The automobile industry plays a highly significant role in the sustainable economic development of both developed and developing countries across the globe. Subsequent to the Liberalization, Privatization and Globalization (after 1990s), the Indian automobile industry has been rightly portrayed as the sunrise sector of the Indian economy as this sector has witnessed remarkable growth. Automobile industry, globally, as well as in India, has emerged as one of the most important sectors of the economy. This Industry comprises of Passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers. With contribution of 7% to the GDP of India, Indian Automobile Industry has occupied a prominent place in the Indian economy. At the same time, it was noted that this industry employ about 29 million people both directly and indirectly.

Competition is becoming intense day by day and the multinationals are trying to transform the conventional approaches of selling automobiles and after sales service, and are coming out with a number of novel ideas to win their customers. Today’s automobile customers in India are well tuned to the global markets and products, and often expect high level of products and services. The presence of extensive range of automobiles with modest differentiation within the same price band often encourages customers to switch from one automobile firm to another easily. This led firms to move from product centric marketing orientation to customer centric marketing orientation. Apart from offering high quality products, providing effective pre sales as well as after sales service has assumed increased importance to the automobile firms in India. At this backdrop, winning customer loyalty has become key concern for automobile firms in India.

Literature revealed that the marketing has shifted from transactional marketing orientation to relationship marketing orientation. Contrary to Transactional Marketing, Relationship Marketing aims at enhancing profitability of the firms while offering expected service to the customers and maintaining long term relationship with them.
In order to ensure customer loyalty, firms should build and maintain a quality relationship with their customers so that firms would be in the position to understand the customers' needs wants & expectations in a way that is better than their competitors. The primary goal of relationship marketing is to build and maintain long term fulfilling relationship with customers to win customer loyalty. Relationship marketing works well when customers are highly involved in the goods or services.

Service quality is an indispensable aspect for every service provider, and firms operating in automobile industry are no exception. Today's market as well as marketing has become more aggressive, consumers across the industry tend to become more demanding and knowledgeable, firms who are unable to meet rising expectations and demands of customers face the risk of losing their customers as well as profitability. At the same time, it was noted that managing service quality effectively can ensure success for the firm; service quality has become one of the most important differentiator and most potent competitive weapon.

The focus of this study is to present empirically tested framework to elucidate the impact of relationship marketing and perceived service quality on customer loyalty with special reference to the Indian automobile industry. The study uses descriptive research framework to test the research hypotheses and to achieve research objectives.

The content of the thesis has been divided into six chapters i.e. Introduction, Literature Review, Indian Automobile Industry - A Profile, Research Methodology, Data Analysis and Interpretation, and Discussions and Conclusion.

Chapter 1: Introduction is a foundation chapter and it introduces the present research accompanied by the background of the research. This section elucidates the research gaps, need for research, research objectives and expected research contribution to the existing body of knowledge.

Chapter 2: Literature Review presents a detailed analysis of extant literature appropriate for the present research study. The various dimensions of the research
constructs viz. relationship marketing, perceived service quality and customer loyalty are discussed in detail. Exhaustive literature review has been carried out in order to build strong foundation for the present research study.

The purpose of Chapter 3: Indian Automobile Industry – A Profile, to highlight the structure of this industry and its contribution to the Indian economy. The brief profile of the Indian Automobile Industry has been presented along with the SWOT Analysis. In addition to consumption pattern, Attempts were also made to understand other demand drivers that influence the development of automobile industry in India. The growth and evolution of the Indian Automobile Industry has been appreciated and latest trends have been highlighted.

Chapter 4: Research methodology elucidates the schema of research proposed in terms of how to examine the impact of relationship marketing, perceived service quality on customer loyalty. This section of the thesis presents the research objectives along with research hypotheses that have been considered as central to the present research study. This chapter also outlines the details of research methodology employed for this study to understand the impact of relationship marketing and perceived service quality on customer loyalty.

Chapter 5: Data Analysis and Interpretation deals with the analysis of primary data collected through the administration of the structured questionnaire in order to draw conclusions for the present research study. Data analysis was carried out with the help of selected data analysis tools and interpretations were presented along with logic and justification.

Chapter 6: Discussions and Conclusion presents the key findings of the research study in accordance with the research objectives. Subsequently, Decisions were taken to either accept or reject the research hypotheses developed for this research study to achieve the research objectives. The key managerial implications arising from the present research study have been presented in a logical manner. Last but not least, directions for future researches are also presented with an expectation to aid future researchers.
Appropriate references are compiled and given at the end of the thesis in alphabetical order. In this thesis, references are written in accordance with APA 6th edition. The copy of Questionnaire used for collecting primary data from the respondents in the present research study along with descriptive statistics for all the variables under consideration are given separately as Appendices.

The present research study will certainly strengthens the existing body of knowledge by providing some empirically tested insight in the Indian context with reference to the connection between relationship marketing, perceived service quality and customer loyalty. At the same time, results of the study will help automobile firms in India to design their offering in such a way that ensure high level of loyalty among customers.
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<td>ANOVA</td>
<td>Analysis of variance</td>
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<tr>
<td>APA</td>
<td>American Psychological Association</td>
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<td>ASR</td>
<td>Automobile Service and Repair</td>
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<td>B2B</td>
<td>Business to Business</td>
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<td>B2C</td>
<td>Business to Customer</td>
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<tr>
<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
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<tr>
<td>CATI</td>
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<tr>
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<td>DV</td>
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<td>FY</td>
<td>Financial Year</td>
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<td>GDP</td>
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<td>IV</td>
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<td>KMO</td>
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<td>SPSS</td>
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<td>VIF</td>
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1.0 Introduction

This chapter is intended to introduce the research topic of the present research study. The background at which the present research study was undertaken is elucidated here. The research gaps were identified and the need for undertaking this research study in the premise of recent development has been discussed. This chapter briefly conceptualizes the major research intent and basic research framework for undertaking the present research study. In addition to highlighting expected research contributions to the existing body of knowledge, this chapter also presents an outline for the organization of chapters in this study.

1.1 Background of the Study

With the advent and dominance of Liberalization, Privatization and Globalization (LPG), marketing across all the industries has become more competitive than ever before. We are witnessing the customer-driven marketing where all the firms operating in the industry are trying to attract new set of customers and retain existing customers in lot many ways even while offering similar products and services on similar price. It is natural for most of the businesses to lose 15-20% of its customers every year (Reichheld & Sasser Jr, 1990). Vilfredo Pareto (1848–1923), a French-born Italian economist argued that a business derives 80% of its income from 20% of its customers (also known as the 80:20 rule).

In order to ensure sustainable growth in the market, the organization should be intended not just to attract new troop of customers but to acquire customer loyalty; their patronage both for present and future. The challenge for today's organizations is not to attain first position, but to be there for long time and this would be possible only if organization can ensures loyalty among its customers. Winning firms, irrespective of the nature of their business or size, have one thing in common; the
loyalty of their customers. Organizations capable of providing trust and commitment to their consumers are the organizations that stay on top of the market with their loyal customers (Fallon, 2012).

Long term customers often provide free advertising by talking positive about the organization and its business for years. The tendency of loyal customers to provide new customers to the organization gratis - is mostly beneficial as a company grows, particularly if it operates in a mature industry (Reichheld, 2003). Customers’ recommendation leads to increase in firms’ overall profit as it reduce the cost of attracting and retaining customers. Loyal customers’ base is often considered as a vital asset to the organization as it can be leveraged in both good and bad times. Reichheld & Sasser Jr (1990) claimed that “Companies can boost profits by almost 100% by retaining just 5% more of their customers”. Alrubaise & Al-Nazer (2010) noted that cultivating customer loyalty is one of the most important drivers for long term financial performance of the firms as it leads to increased market share & higher sales at lower cost. Rai & Srivastava (2013) noted that in the market that is characterized by intense competition and intensifying customer expectations, cutting on defection and building long lasting relationship with the customers seem to be the only way of achieving sustainable profitable growth.

At this milieu, researchers as well as marketing professionals have realized the strong need to retain existing customers apart from attracting new ones in order to gain sustainable competitive advantage over their competitors. In order to gain sustainable competitive advantage to survive in the market for long period of time, firms should pay attention to customers’ taste & preference, and should meet customers’ expectations by delivering products and services of superior quality.

The knack of the firm to understand the desire of the customers and offer the products and services to satisfy them is vital for the success of the firm in the market that is characterized by clutter and cut throat competition. This led firms to move from product centric marketing orientation to customer centric marketing orientation. At the same time, literature has also revealed that the marketing has taken a paradigm shift from “transactional marketing to relationship marketing” (Lindgreen, 2001). Transactional marketing approach is based upon the concept of
exchange (Bagozzi, 1974); whereas the aim of relationship marketing is to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and that this is done by a mutual exchange and fulfillment of promises” (Grönroos, 1990). O’Malley & Tynan (2000) argued that the relationship marketing yield effective results when customers are highly involved in the creation & delivery of the value; if customers find the element of personal interaction they are willing to engage in the process of relationship building and maintenance. In order to build customer loyalty, firms should maintain a good relationship with their customers so that firms would be in the position to understand the customers’ needs, wants & expectations in a way that is better than their competitors (Sachro & Pudjiastuti, 2013). The primary goal of relationship marketing is to ensure long term fulfilling relationship with customers that lead to customer loyalty (Clark, Peck, Payne & Christopher, 1995; Ndubisi & Wah, 2005; Ndubisi, 2007; Gaurav, 2008).

Today’s market as well as marketing has become more aggressive, consumers across the industry tend to become more demanding and knowledgeable, firms who are unable to meet rising expectations and demands of customers face the risk of losing their customers as well as profitability (Wong & Sohal, 2003). In this challenging situation, managing service quality effectively can ensure success for the firm; service quality has become one of the most important differentiator and most potent competitive weapon. Parasuraman, Zeithaml & Berry (1988) stated that “Service quality can often make the difference between a business’s success and failure”. Crosby (1984) defined Quality as product compliance with customers’ requirement; it can also be seen as “the discrepancy between consumers’ perceptions of services offered by a particular firm and their expectations about firms offering such services” (Parasuraman, Zeithaml & Berry, 1988). Literature review has revealed the impact of service quality on customer satisfaction (Sachro & Pudjiastuti, 2013) & customer loyalty (Wong & Sohal, 2003; Rizka & Widji, 2013).

1.2 Need & Scope of the Study

Indian economy is shifting swiftly from a protected economy to open economy to be integrated with the global economy. “India’s recent growth performance has been
spectacular; the country remains one of the fastest growing economies in the world” (Web.worldbank.org, 2014).

Automobile Industry in India has emerged as one of the key drivers of Indian economy as it plays a key role in developing transportation sector and helping economy to grow faster by generating significant number of employment opportunities. Today’s Automobile customers are well informed and have wide range of choice while buying a vehicle. With little differentiation among automobile products in the same price band and availability of wide range of models and variants often encourage customers to switch from one automobile brand to another one very easily (Ambekar, 2013).

Pursuit for high market share coupled with global competition encouraged sellers, vendors and customers to get into long term relationship that finally resulted in greater interdependence. The automobile industry is pioneer in embarking on developing relationship with their vendors to ensure quality and to reduce inventory cost (Mulki & Stock, 2003). In order to understand their customers, automobile firms often make use of relationship marketing strategy to collect and analyze important information to help identify the best fit between automobile products and customers. Grönroos (1994) argued that relationship marketing effort should be regarded as investment in customers. The main intention of implementing relationship marketing in a firm is to capitalize on customer loyalty (Raza & Rehman, 2012).

Service quality is an indispensable aspect for any service provider, and firms operating in automobile industry are no exception (Katarne, Sharma & Negi, 2010). “Customers don’t expect products to be perfect, but they do expect manufacturers to fix things quickly when they break down” (Cohen, Agrawal & Agrawal, 2006). Customers of automobiles are very much apprehensive about after sales service offered by the automobile firms especially service centers. In automobile industry, Cohen, Agrawal & Agrawal (2006) noted a distinct correlation between quality of after sales service and customer intention to rebuy. In present scenario, where market is characterized by cut-throat competition, service firms interested in
ensuring customer loyalty has no alternative but to meet and exceed customers’ expectations.

Customer loyalty and customer retention are the most important challenges faced by most of the Chief Executive Officers across the world (Ball, Coelho & Macháš, 2004). Customer loyalty is no longer a certain outcome; firms operating in Indian Automobile Industry have to work harder than ever to earn and retain it.

1.3 Existing Research Gaps

Automobile Industry in India has emerged as one of the key drivers of Indian economy and time has gone where customers used to buy vehicles occasionally. Changing lifestyles coupled with rising income and dispensable income often encourages customers to buy automobile products in a habitual manner. Customer loyalty has become most important factor determining firm success and profitability (Rai & Srivastava, 2013). Regardless of the fact that customer loyalty is fundamental for the sustainable growth of the firms (Reichheld, 1993); the domain of customer loyalty is still under researched in Asian context (Lam, Lo & Burton, 2005). Ball, Coelho & Macháš (2004) urged the future researches to extend the measurement of loyalty and its antecedents into other markets and other countries.

Peng & Wang (2006) indicated that organizations today have moved their strategic focus from attracting new set of customers (targeting switchers) to retaining existing customers (keeping loyal customers) with the intention of gaining sustainable competitive advantage. Relationship marketing plays very critical role in determining the success of the firm by ensuring customer loyalty and many researchers made their effort to connect relationship marketing with customer loyalty in sectors like Banking (Ndubisi, 2007), Retailing (Prasad & Aryasri, 2008) and Hospitality (Geddie, DeFranco & Geddie, 2005); Not enough researches are available in the context of automobile sector.

Zeithaml & Bitner (1996) opined that the customers will remain loyal to the firms only if the value offered to them is significantly greater than the value expected from competitors. Although, several researches were undertaken to assess the service
quality with reference to the banking service (Angur, Natarajan & Jahera Jr, 1999; Jun & Cai, 2001), retailing service (Dabholkar, Thorpe & Rentz, 1996; Parikh, 2006), and automobile service (Andaleeb & Basu, 1994; Berndt, 2009); There is a dearth of researches elucidating the impact of perceived service quality on customer loyalty (Bloemer, De Ruyter & Wetzels, 1999; Wong & Sohal, 2003) with reference to automobile service.

Nonetheless, to the researcher’s knowledge, no research has attempted so far to understand the influence of relationship marketing and perceived service quality on customer loyalty in the context of Indian automobile sector.

At this backdrop, the present research study has been undertaken to investigate the impact of relationship marketing and perceived service quality on customer loyalty in Indian Automobile Industry.

1.4 Research Intent & Research Questions

The foremost intention of this study is to understand the impact of relationship marketing and perceived service quality on customer loyalty in Indian Automobile Industry. In line with the research intent, following research questions were developed that became the domain of this study:

- What are the various constructs of relationship marketing in the context of Indian automobile industry?
- How the various constructs of relationship marketing improve customer loyalty in context of Indian automobile industry?
- How perceived service quality influences customer loyalty in context of Indian automobile industry?
- Amongst relationship marketing and perceived service quality; which one explains customer loyalty better in the context of Indian automobile industry?
1.5 Research Overview

The focus of this study is to a present empirically tested framework to elucidate the impact of relationship marketing and perceived quality on customer loyalty with special reference to the Indian automobile industry. The study uses descriptive research to find out justifiable answer to the research questions.

The present research study is being divided into various phases i.e. Literature Review, Developing research intent and research framework, Development of the research instrument, Pilot Study, Final Data Collection and Analysis, and Report Writing. An exhaustive literature review was undertaken to appreciate researches into the related area in order to gain in-depth insight for building conceptual framework for present research study.

For literature review research papers and articles were collected from various research databases like EBSCO, J-Gate, Emerald and Google Scholar. On the basis of literature review, the research gaps were identified and subsequently research objective as well as research questions were developed. Considering the research objective and research questions, hypotheses were developed for the study.

In line with the research objectives and various hypotheses, research framework was developed to give the direction to the present research study. In accordance with the research schema, research methodology was adopted to undertake data collection and data analysis in an effective manner.

For the purpose of data collection, variables were identified from literature review and research instrument i.e. a structured questionnaire was developed. The data collection was carried out in two phases. In the first phase, pilot study was undertaken to pretest and validate the measurement instrument to be used and clarify the overall structure and approach of the research. The reliability as well as validity of the measurement instrument was carried out well before its administration in order to collect primary data from the respondents in the sample. In the second phase of data collection, the survey of respondents was undertaken and data for the research was collected by administering structured questionnaire.
For conducting data analysis, a two-step data analysis strategy was adopted. In first step, Exploratory Factor Analysis was conducted to identify the constructs for relationship marketing. In the second step, multiple regression analysis was employed to comprehend the connection between the underpinnings of relationship marketing, perceived service quality dimensions and customer loyalty. The data analysis was undertaken with the help of a software package SPSS 20.0.

Finally, the research work was presented from commencement to conclusion in the form of a thesis.

1.6 Expected Research Outcomes

This study is primarily intended to develop a conceptual framework to connect relationship marketing, perceived service quality and customer loyalty. At the same time, this study attempts to offer empirical evidence to test the conceptual model developed for the study. This study will certainly help service providers to design their offering in such a way that ensure high level of loyalty among customers in Indian context.

Apart from offering managerial implications to help firms improve customer loyalty in case of Indian automobile sector, this study will certainly strengthen the existing body of knowledge by offering empirically tested robust model to understand the impact of relationship marketing and perceived service quality on customer loyalty. Future researchers would be able to test the same model in other industry as well as replicate the same in unrelated geographical locations.

1.7 Overview of Indian Automobile Industry

The automobile industry plays a highly significant role in the sustainable economic development of both developed and developing countries across the globe. Automobile industry is considered as the backbone of many industries like petroleum, steel and manufacturing. It generates employments for thousands and satisfies one of the most basic needs of human being, mobility (Naidu, 2010). That
is why famous management thinker Peter F. Drucker cited automobile industry as the "Industry of Industries".

Subsequent to the Liberalization (after 1990s), the Indian automobile industry has been rightly portrayed as the sunrise sector of the Indian economy as this sector has witnessed remarkable growth. Automobile industry, globally, as well as in India, has emerged as one of the most important sectors of the economy. The Indian automobile industry is one of its most vibrant industries and currently ranked as 7th largest in the world (Prasad, 2013). This Industry comprises of Passenger Vehicles, Commercial Vehicles, Three Wheelers & Two Wheelers (Refer Table 1.1), and currently accounts for the 22% of manufacturing Gross Domestic Product (GDP) of India (ibef.org, 2014a).

Table 1.1: Composition of Indian Automobile Industry (FY 2011 – 12)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Market Share (in Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Vehicles</td>
<td>15.08</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>4.45</td>
</tr>
<tr>
<td>Three Wheelers</td>
<td>3.02</td>
</tr>
<tr>
<td>Two Wheelers</td>
<td>77.45</td>
</tr>
<tr>
<td>Total</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Siamindia.com (2014)

Automobile Industry in India was delicensed in 1991 with the announcement of the New Industrial Policy; however, the passenger car industry was delicensed in 1993. At this moment in time, 100% Foreign Direct Investment (FDI) is allowed under automatic route in this sector including passenger car segment (Indiainbusiness.nic.in, 2014).

In last two decade, Indian automobile industry has achieved the distinction of being one of the largest industries in India. The growth of this industry helps directly and indirectly in accelerating the efficiency of other industries through movements of goods and people in the economy. This industry has aligned itself to the global developments through acquisition of latest technology and restructuring and realized its potential. The amazing growth of this industry can be seen as a result of rising
disposable incomes and living standard of middle class people in this country (Burange & Yamini, 2008). The favorable trade policies along with financial reform measures of Government of India has acted as a catalyst to expand the installed capacity of automobile firms and export of automobiles.

With contribution of 7% the GDP of India, Indian Automobile Industry has occupied a prominent place in the Indian economy (Bhasker, 2013). At the same time, it was noted that this industry employ about 29 million people both directly and indirectly (Siamindia.com, 2014).

**Figure 1.1: Competitive landscape of Indian Automobile Industry**

Source: Burange & Yamini (2008)

Automobile sector in India possesses numerous competitive advantages over the opponent economies across the globe with respect to their automobile sector. The competitive landscape of the Indian Automobile Industry can be understood effectively with the help of Figure 1.1. Competition is becoming intense day by day and the multinationals are trying to transform the conventional approaches of selling car and after sales service, and are coming out with a number of novel ideas to win customers. Considering the increase in customer preferences and amplified competitive pressures in the market, quality and delivery of after sales service has
became vital for the players of Indian automobile industry (KPMG in India, 2008). Prasad (2013) noted that the 'customer experience' will be the most important factor to reach out new customers and to retain existing customers. In addition to customer experience, After-sales service would also help in ensuring customer loyalty of automobile customers. Overall in-vehicle experience needs to be improved for the automobile customers by employing telematics, embedded software and infotainment in a flawless and comprehensible manner.

With continuously increasing options to the automobile customers, the landscape of Indian automobile industry is set to change. Automobiles production has grown at a CAGR (compound annual growth rate) of 11.8 per cent over Financial Year (FY) 2005–2013. India’s share in global passenger vehicle market is likely to double to 8% from 4 % over Financial Year 2010–11 (Ibef.org,2014b).

The detailed description of Indian Automobile Industry has been presented in Chapter 3 of this thesis.

1.8 Organization of the Study

The research work has been organized and presented in form of a thesis. This part presents an outline of the contents of every single chapter included in the thesis. The content of the thesis has been divided into six chapters i.e. Introduction, Literature Review, Indian Automobile Industry - A Profile, Research Methodology, Data Analysis and Interpretation, and Discussions and Conclusion. For the ease of reference and convenience, a flow chart (Refer Figure 1.2) has been prepared to elucidate organization of study.

Chapter 1: Introduction is a foundation chapter and it introduces the research accompanied by the background of the research. This section elucidates the research gaps, need for research, research objectives and expected research contribution to the existing body of knowledge. The brief overview of the research work and the succinct view of research design are also presented here. At the same time, snapshot of Indian automobile industry is given and contributions of this industry to the Indian economy were emphasized. Finally, Organization of the present research
study has been discussed and outline of the contents of every chapter of the thesis was presented.

Chapter 2: Literature Review presents a detailed analysis of extant literature appropriate for the present research study. The various dimensions of the research constructs viz. relationship marketing, perceived service quality and customer loyalty are discussed. Exhaustive literature review was undertaken in order to build strong foundation for the present research study. At the same time, the research work of various researchers in the related area of research was elucidated in order to identify the specific research gaps that become the premise for present research study. Subsequently, in accordance with research gaps, research objectives and research hypotheses were developed and discussed in the next chapter.

Figure 1.2: Organization of the Study

![Organization of the Study Diagram]

Source: Developed by the researcher
The purpose of Chapter 3: Indian Automobile Industry – A Profile, to highlight the structure of this industry and its contribution to the Indian economy. The brief profile of the Indian Automobile Industry has been presented along with the SWOT Analysis. In addition to consumption pattern, Attempts were also made to understand other demand drivers that influence the development of automobile industry in India. The growth and evolution of the Indian Automobile Industry has been appreciated and latest trends have been highlighted.

In the chapter 4: Research methodology, the schema of research is proposed in terms of how to examine the impact of relationship marketing, perceived service quality on customer loyalty. This section of the thesis presets the research objectives along with research hypotheses that have been considered as central to the present research study. This chapter also outlines the details of research methodology employed for this study to understand the impact of relationship marketing and perceived service quality on customer loyalty. With an outline of research, this section of thesis is intended to present various elements of research design along with rationale to support its employment in this research. It also discusses various quantitative research design, data collection, sampling design, scale development along with the test reliability and validity. The detailed plan for data analysis is also included here. Finally, various limitations faced by the researcher are being cited with an expectation that the future researchers would attempt to minimize these limitations.

In accordance with the research methodology adopted for this study, the Chapter 5: Data Analysis and Interpretation presents the data analysis and interpretations with the help of SPSS 20.0 (a latest software package used for statistical analysis). In the present research study, the primary data were collected with the help of a structured questionnaire and were subjected for analysis. Data analysis was carried out with the help of selected data analysis tools and interpretations were presented along with logic and justification. Data analysis and interpretations are vital to test the research hypotheses and to draw the conclusions for this research study.

In the final chapter of the thesis, Chapter 6: Discussions and Conclusion, the key findings of the study with reference to the research objectives are presented. Subsequently, Decisions were taken to either accept or reject the research
hypotheses developed for this research study to achieve the research objectives. The key managerial implications and other implications arising from the present research study are presented in a logical manner. At the same time, the review of various contributions in term of value additions to the existing body of knowledge made by this research study is also highlighted here. Last but not least, directions for future researches are also presented with an expectation to aid future researchers.

Appropriate references are compiled and given at the end of the thesis in alphabetical order. In this thesis, references are written in accordance with APA (American Psychological Association) 6th edition, one of the most extensively used style of citation, particularly in social sciences.

The copy of Questionnaire used for collecting primary data from the respondents in the present research study along with descriptive statistics for all the variables under consideration are given separately as Appendices.

1.9 Concluding Remarks

This chapter presented the rationale behind undertaking this study with an intention to investigate the impact of relationship marketing and perceived service quality on customer loyalty in the context of Indian automobile industry. Apart from elucidating the research objectives in line with research gaps and need for undertaking the study, this chapter also highlighted expected research contributions from the present research to existing body of knowledge. At last, it offered a panoramic view of the present research study and elucidated the pathway through organization of chapters in the thesis.
Chapter 2: Literature Review

2.0 Introduction
2.1 Relationship Marketing
2.2 Perceived Service Quality
2.3 Customer Loyalty
2.4 Concluding Remarks
LITERATURE REVIEW

"The farther back you can look, the farther forward you are likely to see".
- Winston Churchill

2.0 Introduction

This chapter presents an overview of earlier research work on related topics to provide necessary background for undertaking this research study. Literature review was carried out to support the present research study by building the foundation for it. In term of details, this chapter deals with various studies undertaken in the area of relationship marketing, perceived service quality and customer loyalty. Research outcomes of the research studies undertaken in the related area have been highlighted here. Research gaps were identified and subsequently research objectives were developed on the basis of literature review. The extant literature review has been divided into three broad sections i.e. Relationship Marketing, Perceived Service Quality and Customer Loyalty (Refer Figure 2.1).

Figure 2.1: Framework for Literature Review

Source: Developed by the researcher
2.1 Relationship Marketing

In recent past, marketing has witnessed paradigm shift in marketing orientations. Alet (2000) supported the fact that the complexity attributed by technological development and intensification of competition in fast changing market making it difficult to manage business effectively. Fierce competition and rising customer expectations across the industry forced marketers to adopt customer centric marketing stratagem. "Relationship marketing acknowledges that a stable customer base is a core business asset" (Rowley, 2005).

The literature revealed that the marketing has moved from "transaction marketing to relationship marketing" (Lindgreen, 2001). While transaction marketing does believe in "sale it and forget it" approach; relationship marketing does involve interactions, relationship and networks (Gummesson, 1991). The later approach of marketing intends not only at acquiring new customers but also at retaining existing customers for long period of time.

At one hand transaction marketing approach is based upon the concept of exchange (Bagozzi, 1974); at another hand relationship marketing is "to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and that this is done by a mutual exchange and fulfillment of promises" (Grönroos, 1990).

Kotler (1994) propounded a service marketing triangle that stands for triangular marketing relationships on which service managers must focus their attention. The service marketing triangle advocates three aspects of marketing relationships i.e. external marketing, internal marketing, and interactive marketing. Whereas external marketing does deal with the relationship between the customer and the firm, internal marketing undertakes the relationship between the company and its employees. The relationship between the employees of the company and its customer is referred as interactive marketing. It is very evident that relationship is the heart of marketing and success of the firm is highly influenced by its ability to maintain relationship with its employees and customers.
One of the most widely accepted definitions of relationship marketing given by Morgan & Hunt (1994) describes it as “that which refers to all marketing activities directed at establishing, developing and maintaining successful relational exchanges”. The concept of relationship marketing goes beyond transactional exchange as it is based on the intention of firms to deliver superior value by emphasizing customers’ perspectives as the focal point of relationship building activities. O’Malley & Tyan (2000) noted that Relationship Marketing would work effectively when customers are highly involved in the good or service; there is an element of personalization; and customers are interested to be the part of relationship building activities. Relationship marketing implies that consumers enter into relational exchanges with firms only when they think that the benefits derived from such relational exchanges exceed the costs (Hunt, Arnett & Madhavaram, 2006). By building and maintaining strong and profile relationship with customers, firms also gain valid information source for effective marketing intelligence in order to formulate marketing strategies for their target market. In addition to helping firms understand their customers, relationship marketing helps firms to improve their market share and profitability and simultaneously reduce their cost of serving customers. It has been noted that the cost of attracting one new customer is five to six times more than the cost of serving one loyal customer (Ndubisi, Malhotra & Wah, 2009).

Marketers are extensively using relationship marketing to make customers loyal in order to ensure that the customers will come back to service provider again and again for the similar service requirement; Customer Loyalty is central to the relationship marketing. Relationship marketing by design will not guarantee long lasting customer relationship; in fact, customers would demonstrate relationship with varied closeness and intensity. In order to develop effective relationship marketing strategies, firms should improve customers’ perceived benefits of getting into relationships (O’Malley and Tyan, 2000).

2.1.1 Relationship Marketing: Nordic, IMP and Anglo-Australian Perspectives

“Although the various perspectives on relationship marketing differ, one common element is that all view relationship marketing as implying that, increasingly, firms
are competing through developing relatively long-term relationships with such stakeholders as customers, suppliers, employees, and competitors” (Hunt, 1997).

The Nordic school was also one of the pioneers to put forward a shift from transaction orientation to relationship orientation in Consumer markets or B2C market. Considerable amount of researches have been undertaken in the area of relationship marketing in service markets. Grönroos (1990) believed that the quality of service is very important in case of services. “Relationship marketing (RM) is marketing seen as relationships, networks, and interaction”. (Gummesson, 1994). Grönroos (2004) highlighted the importance of Customer Perceived Value on the core outcome of a winning relationship strategy based on interaction, communication and dialogue. Since beginning, the researchers following Nordic school emphasized the long-term relational nature of services marketing.

Contrary to Nordic school, IMP (Industrial Marketing and Purchasing) led a series of systematic research efforts to highlight relationship marketing in industrial markets or B2B markets. Arndt (1979) emphasized the issue of long term relationship more overtly, and introduced the concept of symbiotic marketing. It is believed that the buyers and sellers gain experience while working together and learn to adapt to each other’s way of working. Commitment among the buyers and seller is expected to increase over time (Ford, 1980). In the same line of thought, Hakansson (1982) proposed four basis of relationship marketing: interaction process, networking, adaptation for scale- effective production and proper resource utilization by partner organizations.

In addition to Nordic School and IMP Group, once of the latest approach of relationship marketing is the Anglo-Australian approach that believes in integration of quality management, services marketing concepts and customer relationships economics. This perspective considers traditional marketing as being constructed upon, and improved by, quality and service to form an all-inclusive approach to delivering high levels of value to customers in enduring relationships with the company (Christopher, Payne, and Ballantyne, 1991).
Success in marketing often depends on the ability of the firm to operate in a cross functional way. Christopher, Payne, and Ballantyne (1991) propounded six market model (Refer Figure 2.2) and advocated the need to build and maintain relationship with each of these markets in order to provide the optimal value proposition in terms of both product and service (Palmer, Lindgreen and Vantomme, 2005).

2.1.2 Relationship Marketing and Customer Loyalty

Payne (1994) outlined customer loyalty as the closing stage in the ladder showing the sequence of relationships customers may have with a firm. In the customer loyalty ladder (Refer Figure 2.3), customer starts his/her journey as a ‘Prospect’ and if things are favorable the customer will finally become a ‘Partner’. This is responsibility of firm and its employee to convert a Prospect into a Customer by selling the firm’s offering successfully. Once customer buys the firm’s offering, the subsequent marketing task is to encourage customer to come for repeat purchase; at this stage the customer become a client. Apart from generating repeat business, if client decides to continue relationship with firm for long term and get a feeling of happiness he/she become supporter. Although Supporters are happy with the
services offered by the firm they tend to stay passive; once they become active and starts recommending the firm and its services to their family and friends they become Advocate. The final stage in the customer loyalty ladder is a Partner that symbolizes a situation of long lasting and fulfilling relationship between the customer and the firm. Customers tend to become partner if they believe in firm and always derive the sense of delight with firm and its services.

**Figure 2.3: The Customer Loyalty Ladder**

![Customer Loyalty Ladder Diagram]

- **Partner**: someone who has the relationship of a partner with you
- **Advocate**: someone who actively recommends you to others, who does your marketing for you
- **Supporter**: someone who likes your organization, but only supports you passively
- **Client**: someone who has done business with you on a repeat basis but may be negative, or at best neutral, towards your organization
- **Customer**: someone who has done business just once with your organization
- **Prospect**: someone whom you believe may be persuaded to do business with you

Source: Payne (1994)

Moving customers up in the customer loyalty ladder is not easy; firms need to understand the need and want of individual customer and how value can be added to customer offerings on regular basis. The concept of customer loyalty ladder clearly elucidate that achieving customer loyalty is a step by step process and it depends on the firm’s ability to fulfill the needs and wants of the customers as well as the attitude of customers towards maintaining a long term relationship with the firm.

Dekimpe, Steenkamp, Mellens & Abeele (1997) regarded loyal customers’ base as a competitive asset; and it can be used as a barrier to new entrant in the business and often considered as a basis for charging price premium (Aaker, 1996). Too,
Souchon & Thirkell (2001) conducted dyadic exploratory research of clothing store managers and their customers to link relationship marketing implementation with customer loyalty in the context of retailing. This study revealed that actual relationship marketing implementation may not be as important as the customers’ perception towards relationship marketing effort to the development of customer loyalty. At the same time, customers’ perceptions were found to improve the customers’ trust towards the retail store as well as customer commitment to the relationship with the store, which will ultimately lead to enhanced customer loyalty. It can be interpreted that the customers’ perceptions towards relationship marketing effort of the firm are vital to the enhancement of customer commitment and loyalty.

Generally, there are two dimensions of customer loyalty i.e. salesperson loyalty (person-to-person loyalty) and store loyalty (person-to-firm loyalty). Salesperson loyalty refers to the dependability demonstrated by customers on the salesperson; whereas store loyalty occurs when customers repeatedly patronize the specific firm/store for their requirements. Salesperson loyalty often leads to store loyalty (Beatty, Mayer, Coleman, Reynolds & Lee, 1996). When a customer is loyal to a salesperson, the probability that the customer will be loyal to the firm who employs the sales person will be very high.

Foster & Cadogan (2000) examined how customers’ loyalty is influenced by their relationship with firm at two different levels; specific relationship between customers with the sales person; and the overall relationship customers share with the firm. Mail survey for business customers of a large New Zealand office products firm was undertaken for the purpose of data collection. Only those customers were considered for the study who had interaction with company’s sales personnel during the month prior to the survey. The results of the study showed that the relationships that customers experience with sales people play a vital role in ensuring their long term relationship with the firm. In this study, relationships at both the levels were found to impact positively on the probability of customers exhibiting behavioral loyalty.

Liang & Wang (2005) developed and empirically tested a conceptual model in order to examine the connection between relationship bonding tactics, customer
satisfaction, trust/commitment and customer behavioral loyalty in a relationship marketing system financial services industry in Taiwan. The study is based on data collected from customers of different department of the selected bank viz. 396 from the loans department, 431 from the deposits department and 216 from the credit cards department. First, confirmatory factor analysis (CFA) was performed to evaluate the construct validity regarding convergent and discriminate validity. In the second stage, path analysis was performed to test the research hypotheses empirically. The study’s findings suggested that financial products with different product attributes will benefit the most from individual types and levels of relationship investment that can be applied directly to each product.

Peng & Wang (2006) indicated that organizations today have moved their strategic focus from attracting new set of customers (targeting switchers) to retaining existing customers (keeping loyal customers) with the intention of gaining sustainable competitive advantage. As a result of liberalization and deregulation, competition across the industry has increased more than ever before and customers became demanding. The main idea behind designing and implementing a relationship marketing strategy in an organization is to maximize customer loyalty. Raza & Rehman (2012) found all relationship marketing tactics to be positively related with relationship quality and customer loyalty. It is very vital for the firms to have a long term profitable relationship in order to achieve the utmost level of customer loyalty, and it can be done by ensuring high level of relationship quality while interacting with the customers. Apart from relationship quality, trust and satisfaction were also found to be positively connected with customer loyalty.

Ndubisi (2006) investigated the role of gender in the association of relationship marketing underpinnings (namely trust, commitment, communication, and conflict handling) with customer loyalty and found the tendency of women to become more loyal than men, and older people more so than younger people. Moreover, there is the tendency for higher-income customers to receive better attention from banks, at least in Malaysia, because of their higher net worth and the larger volume of business they generate for the banks. This may encourage high net worth people to become more loyal towards the service banks than other income group people.
Ndubisi (2007) demonstrated that measurement of the "underpinnings" of relationship marketing can predict customer loyalty. Therefore firms intended to nurture customer loyalty must pay close attention to various aspect of relationship marketing viz. trust, commitment, communication and conflict handling. In the same line of thought, Alrubaisie & Al-Nazer (2010) examined the impact of various demographic variables (viz. sex, education & income) in association with relationship marketing on customer loyalty in Amman, Jordon. The study was done on 450 bank customers using convenience sampling and the data for this exploratory research was collected using structured questionnaire. Two step statistical analyses of data was undertaken; Factor analysis was performed to extract the underlying factors of relationship marketing and then multiple regression analysis was performed to elucidate dyadic relationship between relationship marketing and customer loyalty and to examine the impact of demographic variables on relationship marketing – customer loyalty relationship. This study argued that the measurement of relationship marketing variables can predict customer loyalty very well in the case of Jordanian banking customers. At the same time, it was observed that both sex and income has significant influence on relationship marketing – customer loyalty relationship.

Kiyani, Niazi, Rizvi & Khan (2012) made an attempt to understand the connection between brand trust, customer satisfaction and customer loyalty in automobile sector. With the help of regression analysis, the study noted that the independent variables viz. customer satisfaction and brand trust have significant impact of the dependent variable i.e. customer loyalty. It was observed that the customers who derive high level of satisfaction are more likely to come for repeat purchase.

2.2 Perceived Service Quality

It has been acknowledged that consumers consume not only physical products but also services. The service sector plays very important role in Indian economy and it accounts for 60 percent of GDP, grew with the rate of 5 percent in the financial year 2013 (Ibmf.org, 2014c). In recent time, Indian Service Sector has surfaced as one of the largest and fastest growing sector and has made significant contribution towards country’s output and employment.
Organizations irrespective of the nature of the business have learnt that customer loyalty is very crucial to maintain their profitability. For all the organizations across the Industry gaining customer satisfaction and ensuring customer loyalty is the prime goal. Today’s customers are very demanding as they always expect high quality products and service at competitive price. Chao (2008) observed that the customers often decide from whom to receive service on the basis of their evaluation of service quality offered by the service providers. Companies believing in offering high quality service often experience bi-directional growth in their internal culture as well as external reputation; successively they become very tough for competitors to imitate. As service providers strive hard to maintain superior service quality in their offerings; Service Quality has become one of the most vital differentiating factor and it ensure competitive advantage to the service providers over their competitors (Berry, Parasuraman & Zeithaml, 1988).

At this backdrop, superior service quality is expected from the service providers to encourage repeat purchases from existing customers and to attract new set of customers (Berry, Parasuraman & Zeithaml, 1994). Quality is not just of concern in the physical products; it is also crucial for all kinds of services let it be banking services, health services, transportation services, educational services, automobile service and a host of other services (Akinola, 2009). Bitner, Faranda, Hubbert & Zeithaml (1997) noted that the “service experiences are the outcomes of interactions between organizations, related systems/processes, service employees and customers”. Unlike physical products where quality can be evaluated much before the sale of the products, Quality of services can’t be evaluated because of the involvement of human activities (Elistina & Naemah, 2011). The echelon of customer participation required in service differs across the services. In case of service, customers play diverse roles.

In case of low level customer participation, physical presence of customer is very much required throughout the service delivery. Customer inputs are vital in order to create and deliver the expected service to the customer in the case of moderate level of customer participation. High level of customer participation requires customer as a co-creator of service experience. Bitner, Faranda, Hubbert & Zeithaml (1997)
highlighted following three roles a customer plays in order to avail desired service experiences;

(1) The customer as productive resource;
(2) The customer as contributor to quality, satisfaction and value; and
(3) The customer as competitor to the service organization.

Grönroos (2000) defined service as, “A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems”. In case of physical products, quality can be determined mostly on the basis of its physical characteristics like packaging, style, color, texture etc.; whereas three main distinctive characteristics of service viz. intangibility, heterogeneity and inseparability make service quality evaluation complicated (Idrisu, 2011).

The concept and measurement of service quality is considered to be one of the most contested subjects in the literature related to service as there is no agreement while defining and describing service quality (Babakus & Boller, 1992; Gupta, McDaniel & Herath, 2005). The concept of service quality and its measurement came into the picture in the beginning of 1980s and then after lot of discussions and research works were undertaken.

Service Quality has been defined by various scholars and researchers from varied perspective. Grönroos (1984) was one of the pioneer who made an attempt to define service quality and he conceptualized service quality as a perceived judgment resulting from an evaluation process where customers compare their expectation they have towards service with the service they perceive to have received. He also argued that the service quality depends on expected service and perceived service. Any other prior experience with the service could also influence the customers’ expectations towards service; whereas the customers’ perception will be delivered into perceived service. He further opined that there are two categories of Service Quality; Technical Quality & Functional Quality. Technical Quality refers to whatever the customer is actually receiving from the service (outcome of the
service) whereas the functional quality considers the way in which the service is offered to the customer (service delivery process).

Lehtinen & Lehtinen (1982) made an attempt to conceptualize Service Quality with the help of three dimensions viz. physical quality, interactive quality and corporate (image) quality. Unlike physical products services are intangible in nature; physical quality communicates the tangible aspects of the service. Interactive quality deals with the interaction between consumers and service provider. Corporate quality refers to the image and reputation of the firm offering service. A positive and distinguished corporate image is considered as an asset to the firm as it influence consumers’ perception towards firm offering the service.

While describing Quality, Juran & Gryna (1988) argued that the quality consists of two principal elements i.e. ‘to what degree a product or service meets the needs of the consumers’ and ‘to what degree a product or service is free from deficiencies’. This definition considers service quality as consumers’ perspective towards service efficiency and its ability to fulfill consumers’ requirements. It was argued that the consumers don’t appraise service quality only on the basis of service outcome; they also consider the service delivery process along with the context in which the service is being delivered (Grönroos, 1990; Kotler, 1994).

Parasuraman, Zeithaml & Berry (1985; 1988) conceptualized service quality in their gap model and defined service quality as the “difference between consumers’ perceptions towards services offered by a particular firm and their expectations from the firm offering such services”. They have argued service quality as the assessment of service delivery against expected service performance. The service said to be excellent if service performance exceed customers’ expectations; the service will be considered satisfactory if service performance just meet customers’ expectations; and the service will be considered poor if the service performance fails to meet customers’ expectations. Grönroos (2001) noted that the consumers often carry their prior experiences and perceptions towards the firm and its service to every service encounter because they repeatedly go for the same firm in order to avail the same service.
Andaleeb & Basu (1994) made an attempt to understand how the technical complexity of the service sought and customers' knowledge about automobile service and repair moderates their evaluations of service quality. This study effectively illustrated how perceived fairness, empathy, responsiveness, reliability and convenience affect customers' overall evaluation of automobile service and repair (ASR). This study found that all the above mentioned factors have a positive impact on service quality evaluation and the impact of perceived fairness is moderated by the customer's self assessment of the knowledge of ASR and the technical complexity of the service concerned. The study also found that when the customer is not knowledgeable, the importance of fairness increases significantly with technical complexity.

Czepiel (1990) described service quality as customer perception of how does a service meets or exceeds their expectations; whereas Eshghi, Roy & Ganguli (2008) conceptualized service as the overall assessment of service by the customers. Both the definition considers service quality as a subjective assessment undertaken by the customers. Although Cronin Jr & Taylor (1992) did not find the conceptualization of service quality adequate as a gap between consumers’ expectation and service performance, the definition of service quality propounded by Parasuraman, Zeithaml and Berry (1985; 1988) is considered to be one of the most apt definition and being adopted by many researches in the area of service quality across the industry.

Zeithaml, Berry & Parasuraman (1996) noted that the bond between the firm and its customers get strengthened when the customers get positive assessment for the firm's service quality and the bond between the firm and its customers get weakened when the customers get negative assessment for the firm's service quality. The positive assessment of service quality would lead to favorable behavioral intentions viz. preference for the firm and its service over competitors, praise for the firm, positive word of mouth and recommending the service offered by the firm to others (Reichheld & Sasser Jr, 1990; Danaher & Rust, 1996; Dabholkar, Thorpe & Rentz, 1996).
2.2.1 Service Quality Model: GAP Perspectives

Because of the fast pace of Liberalization, Privatization and Globalization various firms including service organizations are exposed to various challenges of managing service quality and cost management. Organizations unable to cope up with the challenging situation are prone to face the consequences of ‘survival of the fittest’. Managing Service Quality is considered as one of the trickiest stratagem for the service organizations. Both academic as well practitioners have recognized the need to develop measures of service quality in order to manage service quality for offering desired customers’ value. Urban (2009) noted that the quality is one of the most expected concern of customers for almost all kinds of service products; by delivering service with unique as well as high quality, customers can be made loyal for a long period of time.

Parasuraman, Zeithaml & Berry (1985) developed a conceptual model of service quality for the first time with ‘Service Gaps’ as heart of the model. The various gaps are important constructs to understand the conception of ‘service quality’ and how service quality emerges across the service organizations irrespective of the nature of service. They have identified four potential gaps within the service firms that may lead to significant gap: the difference between customers’ expectation towards service and customers’ perceptions of service performance.

Gap 1 deals with ‘Consumer expectation-management perception gap’ and it takes place because of the presence of discrepancies between the customers’ expectations and perception of executives of service firm towards service quality. This gap arises due to the executives’ lack of understanding with respect to various features that presage high quality to the consumers. At the same time, the inability of executives to appreciate what features service must have and its performance levels to deliver high quality service to the consumers attributes to this service gap.

Gap 2 refers to ‘Management perception-service quality specification gap,’ and it occurs because of various constraints which impede executives of service firm from delivering services that meet and exceed customers’ expectations. This gap is also endorsed by the nonexistence of total management commitment to service quality.
Gap 3 is known as 'Service quality specifications-service delivery gap' as it crops up because of inability of service firms to standardize service quality. Even in the presence of guidelines for service designing and delivery; High quality service delivery may not be guaranteed as employees of the service firm often exercise tough influence on the service quality perceived by customers. As designing and delivering services often depend on 'human' element, it is very difficult to maintain standardized service quality.

Figure 2.4: Service Quality Model based on Service Gaps

Gap 4 describes 'Service delivery-external communications gap' and it is evident because of the difference in actual service delivery and promise regarding service delivery communicated through external communications. It is well accepted fact that media advertising and other mode of external communication can affect customers’ perception. Promising high level of service quality will certainly raise customers’ expectations but when same is not delivered it will lead to lower perceptions of service quality.
The above discussed four service gaps are the gaps on the side of service marketers. These gaps act as precedence for Gap 5 that is the service gap on customer's side in the service quality model (Refer Figure 2.4). This gap also represents the service quality gap (Q) and stands for the difference between customers' perceptions of service performance (P) and customers' expectation of service (E) and it can be represented as \( Q = P - E \). A wide service gap would symbolize poor service quality and urge the service provider to improve its service offered to its customers.

Service Quality as perceived by customers does depend on the size and direction of Gap 5 that depend on the nature of the gaps associated with the design, marketing, and delivery of services. The Gap 5 can be elucidated with the help of following equation.

\[
\text{Gap 5} = f(\text{Gap 1, Gap 2, Gap 3, Gap 4})
\]

It is evident from the above equation and discussion that the magnitude and direction of every service gap on marketer's side will have an impact on service quality assessment by customers.

Loveland (1994) extended and refined the service quality gap model proposed by Parasuraman, Zeithaml & Berry (1985) and subsequently identified total seven gaps that crop up at various stages during the design and delivery of a service performance.

Gap 1: The Knowledge Gap is the difference between believe of service providers regarding customers' expectation and actual needs and expectations of the customers.

Gap 2: The Standards Gap is the difference between the perception of management of service firm regarding customers' expectation and quality standards ascertained for service delivery.

Gap 3: The Delivery Gap is the difference between exact service delivery standards and the actual performance regarding service delivery of service firm.
Gap 4: The Internal Communications Gap is the difference between the perception of sales and advertising people regarding service quality, benefits, and performance and genuine capability of service firm to deliver the service quality, benefits and performance.

Figure 2.5: Service Quality 7 Gaps Model

Source: Lovelock (1994)

Gap 5: The Perceptions Gap is the difference between actual service delivery and customers' perception regarding what service is being received as customers are incapable to assess service quality perfectly.

Gap 6: The Interpretation Gap is the difference between the promises of service firms in their communication efforts and believe of customers regarding promises made by the service firm.

Gap 7: The Service Gap is the difference between customers' expectation towards service receiving and their perceptions towards actual service delivery. Whereas the Gaps 2, 3, and 4 are internal gaps and take place within various departments and functions within the service firm; Gaps 1, 5, 6, and 7 correspond to external gaps that crop up between the customers and the service firm. The
occurrence of gap at any stage in the service design and delivery can hamper the relationship between service firm and its most important stakeholder i.e. customers. It’s vital for service firm to reduce the gaps as much as possible in order to offer improved service quality to customers that ensure customer loyalty for long period of time. At this milieu, it’s essential to evaluate service quality with the help of service quality measurement scales.

2.2.2 Service Quality Dimensions

Service quality is assumed to be based on multiple dimensions and is a multi-attribute construct (Lehtinen & Lehtinen, 1982; Grönroos, 1984; Parasuraman, Zeithaml & Berry, 1985/1988; Juran & Gryna (1988); the literature review revealed that there is no consensus regarding the nature of the service quality dimensions (Brady, Cronin Jr & Brand, 2002; Kang and James, 2004). As service quality is a multifaceted phenomenon; Understanding the service quality without distinguishing the various dimensions of service quality is unattainable.

With the help of exploratory research, Parasuraman, Zeithaml & Berry (1985) identified following ten (10) determinants of service quality; tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding/knowing the customer and access. These determinants are basically the evaluation criteria considered by consumers while assessing the service quality of a specific service. These 10 determinants of service quality and their explanation were considered while developing the service quality measurement scale.

Table 2.1: Dimensions of Service Quality

<table>
<thead>
<tr>
<th>Tangibles</th>
<th>Physical facilities, equipment, and appearance of personnel.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>Ability to perform the promised service dependably and accurately.</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Willingness to help customers and provide prompt service.</td>
</tr>
<tr>
<td>Assurance</td>
<td>Knowledge and courtesy of employees and their ability to inspire trust and confidence.</td>
</tr>
<tr>
<td>Empathy</td>
<td>Caring, individualized attention the firm provides its customers.</td>
</tr>
</tbody>
</table>

Source: Parasuraman, Zeithaml and Berry (1988)
As some dimensions were found overlapping with each other, Parasuraman, Zeithaml & Berry (1988) further reanalyzed these determinants and finally presented five dimensions of service quality viz. Tangibles, Reliability, Responsiveness, Assurance and Empathy. Tangibles includes Physical facilities, equipment, and appearance of employees delivering the service; Reliability is the ability to present the promised service dependably and accurately; Responsiveness refers to the willingness of service provider to help customers and provide prompt service; Assurance deals with Knowledge as well as the of employees and their ability to inspire trust and confidence among consumers; and Empathy includes Caring and personalized attention the firm provides its consumers. Out of five dimensions of service quality, the first dimension of service quality i.e. tangibles depicts the effect of machinery, employees and plant layout on the customers, whereas rest four dimensions viz. reliability, responsiveness, assurance, and empathy reflect on the human aspect of service delivery (Saravanam & Rao, 2007).

An individual’s overall perception of service quality can be understood by evaluating technical quality, functional quality and image (Lehtinen & Lehtinen, 1982; Grönroos, 1984; Kang & James, 2004).

2.2.3 Service Quality Measurement

Over and over again used business axiom “You can’t manage what you can’t measure” has been endorsed by many management thinkers including Peter F. Drucker, well-regarded as the father of modern management. Following the same axiom, the measurement of service quality is very crucial in order to manage and deliver high quality services to the target group of customers.

Reichheld & Sasser Jr (1990) advocate that the firm should consider ‘delivery of high quality service’ as one of the crucial strategies that ensures long term survival and growth for the firm. Service quality measurement is preceding stage to the effective delivery of high quality service across the industry. For effective assessment of service quality, one should understand the uniqueness of service. Customers often make use of tangible cues to judge product quality; the same is not the case with judging service quality because of the absence of tangible cues.
Service is different from physical product as it possesses three distinctive characteristics viz. intangibility, heterogeneity and inseparability (Parasuraman, Zeithaml & Berry, 1985).

Because of the unique characteristics of service, firms often find it difficult to appreciate the way customers perceive service and its quality; service quality measurement has become a tough task (Llosa, Chandon & Orsingher, 1998; Andronikidis & Bellou, 2010).

SERVQUAL (Parasuraman, Zeithaml & Berry, 1995; 1988) & SERVPERF (Cronin Jr & Taylor, 1992) are two most prevalent instruments available for service quality measurement. Apart from these two scale, some scales are also being developed considered either of these two scale as the basic scale along with some customizations to measure service quality of specific service.

2.2.3.1 SERVQUAL

Dabholkar, Thorpe & Rentz (1996) and Nyeck, Morales, Ladhari & Pons (2002) noted the popularity of SERVQUAL because of its adaptability to various service sectors and ease of use. Literature review revealed that most of the researches undertaken in the area of service quality have considered SERVQUAL for accessing service quality; some of the researches did not consider this scale but retained the concept of gap analysis in order to operationalize service quality. The credit for developing SERVQUAL, one of the most comprehensive models for service quality assessment, goes to Parasuraman, Zeithaml & Berry (1985; 1988). They were the pioneer in making a successful attempt to conceptualized service quality and designing a measurement scale for evaluating service quality. In order to investigate the concept of service quality in detail Parasuraman, Zeithaml & Berry (1985) undertook a qualitatively exploratory study and noted that consumers often use similar criteria to evaluate service quality regardless of the nature of the service. These criteria seem to fall in ten 10 different categories and were named and service quality determinants. Successively following service quality determinants were identified; tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding/knowing the customer and access.
These 10 determinants of service quality and their explanation served as the basic formation of the service-quality domain from which items were derived for the SERVQUAL scale (Parasuraman, Zeithaml & Berry, 1988). Initially, considering these 10 dimensions of service quality, a 97 item instrument was developed and refined using factor loading matrix. Test for Scale reliability and validity was also undertaken in order to bring out a valid as well as reliable measurement scale for measuring service quality. Finally, SERVQUAL was developed on the basis of the factor analysis conducted for 22 items scale and finally recasted 10 service quality determinants into five components of service quality i.e. Reliability, Responsiveness, Empathy, Assurance and Tangibles. The scale can be employed by incorporating two-section format of the instrument, with separate expectation and perception sections in order to make the service quality measurement convenient. This model can be employed to assess the expectations of the consumers as well as their perceptions for a wide range of services across the industry.

2.2.3.2 SERVPERF

Although SERVQUAL model was replicated by researchers across the sectors globally; this model is not free from criticism. This model is not based on enough empirical evidence that hold the importance of expectation-performance gap as the foundation for service quality measurement (Carman, 1990) and the conceptualization and operationalization of service quality with reference to SERVQUAL that is based on gap theory was found to be inadequate (Cronin Jr & Taylor, 1992). Therefore attempt was made to develop and examine a performance based alternative to the SERVQUAL model.

Cronin Jr and Taylor (1992) challenged the conceptual basis of SERVQUAL developed by Parasuraman, Zeithaml and Berry (1985;1988) and found it confusing with service satisfaction; and developed a performance based measurement model for service quality popularly known as SERVPERF advocating that the service quality is a form of consumer attitude. They have also noted the difference that exists between the service quality of high involvement and low involvement service.
Although the actuality of conceptualizing the SERVQUAL scale as consisting of five distinct components viz. Reliability, Responsiveness, Empathy, Assurance and Tangibles was questioned; the validity of 22 individual scale items depicting service performance was found to be adequate in defining the service quality and sequentially the same performance items were taken to develop alternative to SERVQUAL i.e. SERVPERF. They assessed the unidimensionality of 22 items with the help of factor analysis along with OBLIMIN oblique factor rotation procedure. They have indicated that the SERVPERF scale explains more of the variation in the service quality than SERVQUAL. At the same time, SERVPERF scale represents the marked improvement over the SERVQUAL scale by reducing the number of items required for measuring service quality by 50 percent.

Adil, Al Ghaswyneh & Albkour (2013) noted that the role of expectation and its inclusion in the SERVQUAL scale is a root cause of major concern. SERVQUAL is not free from overlapping between the technical and functional dimensions of service quality. SERVPERF was advocated as it is more efficient in confining perceived service quality by reducing the number of items by half i.e. 22 items in SERVPERF in contrast to 44 items in SERVQUAL.

Many researchers undertook comparative analysis for SERVQUAL and SERVPERF as the scale for measuring service quality. Although SERVPERF scale was fond to be better as it provides more convergent and discriminant-valid explanation of service quality construct, this scale was found deficient in its diagnostic power. It is SERVQUAL scale that was found superior to SERVPERF scale as it holds higher diagnostic power to identify areas for managerial interventions in the incident of service quality shortfalls (Jain and Gupta, 2004). Despite the fact that, the continual reference to SERVQUAL and its employment while evaluating service quality across the domain, “Consensus has not yet been reached relative to the superiority of performance-only measures of service quality” (Brady, Cronin Jr & Brand, 2002)

2.2.4 Improving Service Quality

Service is a fundamental constituent of value that drives success to any firm. Developing and delivering excellent service is undoubtedly a winning strategy for
service firms across the domain. After studying Service Quality for over a decade in America, Berry, Parasuraman & Zeithaml (1994) presented ten (10) following lessons that deemed to be essential for improving service quality.

Figure 2.6 Service Quality Ring

Source: Berry, Parasuraman & Zeithaml (1994)

Lesson One – Listening: Service firms should invest considerable amount of time in listening their customers as well as non customers. Understanding the customer expectation and their service specification is the first step towards designing and delivering improved service quality to the customers. Listening non customer is important to know how competitors are offering service and endow with a basis for comparison.

Lesson Two – Reliability: Amongst all dimensions of service quality, reliability has emerged as most important one. Service firm must perform the promised service dependably and accurately. When a service firm commits repeated mistakes in
delivering promised service, customers tend to lose confidence in the firm’s ability to deliver expected service.

Lesson three – Basic Service: Customers are more interested for basics; they expect fundamentals & performance not the fanciness & empty promises. No customers hold unreasonably high expectation with reference to the service offered by the firm.

Lesson Four – Service Design: Customers often expect a service system that delivers basic service in a reliable manner. Design defect in any part of service system can diminish the service quality. Service mapping can be undertaken in order to improve service system. A service map is intended to illustrate the chronology and pattern of performances that constitute a service.

Lesson Five – Recovery: Whenever service problem crop up, Service firm must deal with problem efficiently and fairly without losing any time. The way service firm and its people handle the issue of service recovery often communicates about value and ethos of service firms.

Lesson Six – Surprising Customers: In the competitive market, only satisfying customer is not enough; service firm should exceed customers’ expectations. The customers must be surprised with uncommon swiftness grace, courtesy, competence, commitment, and understanding.

Lesson Seven - Fair Play: Customers anticipate service firms to treat them in a fairly and become resentful and skeptical when they perceive otherwise. “Fairness is not a separate dimension of service but, rather, touches the very essence of what customers expect”.

Lesson Eight – Team Work: Today’s customers have become demanding than ever before, serving them is highly stressful. Service underperformances are highly correlated with the lack of teamwork; teamwork is vital for successful service delivery. People as well as various systems within the service firm must operate as a team in order to deliver quality service to the customers.
Lesson Nine – Employee Research: To achieve service improvement, employee research is no less important than customer research. Employee research is useful because of various reasons: as internal customer of service firm employees can evaluate internal service quality; some insights that reduce service quality would be easily available to management; it serves as an early-warning system.

Lesson Ten – Servant Leadership: Designing and delivering exceptional service does call for a unique form of leadership i.e. ‘Servant Leadership’. Top management of the service firm should lead by serving those who deliver service to customers as well as inspiring and enabling them to achieve excellence in service.

2.2.5 Perceived Service Quality and Customer Loyalty

Philips & Hazlett (1997) argued that poor service quality is one of the key reasons why customers switch to competitors. Firms can distinguish its offering based on service quality and can gain advantage over their competitors in the long run. Zeithaml & Bitner (1996) opined that the customers will remain loyal to the firms only if the value offered to them is significantly greater than the value expected from competitors. The identification of service quality determinants and its impact on customer loyalty became the main concern for researchers as well as for practitioners in order to evaluate and control to help firm deliver improved service to its customers (Johnston, 1995; Wong & Sohal, 2003).

Earlier study elucidated that customer loyalty can be observed at two different levels i.e. salesperson loyalty (person-to-person loyalty) and store loyalty (person-to-firm loyalty). While appreciating customer loyalty perspectives on two different levels of retail relationships Wong & Sohal (2003) observed that the service quality is positively connected with customer loyalty and noted stronger relationship at company level than individual level. Customers often perceive employees as a part of the firm and positive attitude towards firm would act as antecedent of positive attitude towards employees.

Zeithaml, Berry & Parasuraman (1996) propounded a conceptual model to elucidate the behavioral and financial consequences of service quality at the individual
customer level in a multi-company framework. Subsequently, on the basis empirical examination Service quality was found to have consistently stronger relationship with customer loyalty and customer switching in pure service companies (automobile and life insurers) than product oriented companies (computer manufacturer and retail chain). De Ruyter, Wetzels & Bloemer (1998) made an attempt to elucidate the relationship between perceived service quality, service loyalty and switching costs across five different service industries. Respondents were interviewed on service quality, service loyalty dimensions and switching costs with regard to five different service industries (health centers, city theatres, fast food, supermarkets and amusement parks). Loyalty dimensions were operationalised on the basis of 13 items of the behavioral intentions scale developed by Zeithaml, Berry & Parasuraman (1996). A uni-dimensional measure of perceived service quality relating to an evaluation of the core service was used for the study. Data were gathered by means of personal interviews of 612 respondents using a structured questionnaire in a mid-sized city in Belgium. Random sampling was used; every tenth customer leaving the premises of a particular service provider was invited to participate in the study. Data were analyzed with the help of descriptive analysis, factor analysis and moderated regression analysis. The result of the study suggested that there are three dimensions of service loyalty that can be identified: preference loyalty, price indifference loyalty and dissatisfaction response. This study found a positive relationship between perceived service quality and preference loyalty and price indifference loyalty. This study established that in industries characterized by relatively low switching costs, customers will be less loyal both in the preference and price indifference sense as compared to service industries with relatively high switching costs.

Several studies attempted to investigate relationship between perceived service quality and customer loyalty. For the instance, De Ruyter, Wetzels & Bloemer (1998) tried to understand the relationship between service quality, service loyalty and switching costs and subsequently identified three dimensions of service loyalty i.e. preference loyalty, price indifference loyalty and dissatisfaction response. Although the influence of service quality on preference loyalty was found to vary per industry, they have found a positive relationship between perceived service quality and preference loyalty and price indifference loyalty. Perceived service
quality does impact customers' preference and the willingness of customers to recommend the service to other customers. Stronger perceived service quality often leads to positive outlook towards service provider and the commitment to repatronage improves with time. At the same time, customers tend to become less sensitive to price rise if perceived service quality is high. Firm as well as Industry level understanding of the dyadic relationship between perceived service quality and customer loyalty does equip the shareholders with the information with respect to the viability of firm performance in future.

Backman & Veldkamp (1995) examined the relationship between service quality and activity loyalty using the 25-item REQUAL scale in the context of a small southern YMCA. The analysis was based on valid data collected from 89 adult aquatic users who were enrolled for learning to swim or water aerobic. The study made use of ANOVA and Duncan's multiple range tests to analyze the data collected from the respondents. This research did not find significant difference between loyalty type (High, Spurious, Latent & Low) and importance of the five dimensions of service quality (tangibility, reliability, responsiveness, assurance and empathy). At the same time, significant difference were observed between participants' loyalty and gaps in three service quality dimensions (reliability, assurance and responsiveness).

Bloemer, De Ruyter & Peeters (1998) investigated the relationship between service quality and service loyalty from a multidimensional perspective. Respondents from four different service industries (viz. entertainment, fast foods, supermarkets and health care services) in Belgium were considered for the study. Data was gathered with the help of personal interview using structure questionnaire. Confirmatory factor analysis & structural equation modeling were employed for analyzing the data. The study clearly indicated the existence of four distinct dimensions of service loyalty: word-of-mouth, purchase intention, price sensitivity and complaining behavior. The analysis of four different industries revealed an intricate pattern of quality-loyalty relationships at the level of the individual dimensions. At the same time a cross industry perspective revealed a different picture per industry. For example, while word-of-mouth is mainly determined by responsiveness and tangibles in the entertainment industry, word-of-mouth in the fast food industry is
mostly influenced by assurance and empathy. Bloemer, De Ruyter & Wetzels (1999) examined how image, perceived service quality and satisfaction determine loyalty in a retail bank setting at the global construct level, as well as the level of construct dimensions. An empirical study was conducted among randomly selected 2,500 bank customers in Netherlands in 1996. The respondents were interviewed by phone with regard to their image of the bank, their quality perception of the bank, their satisfaction with the bank and their loyalty towards the bank. Based on the result of multiple regression analysis, the study exposed that all three constructs (i.e. image, perceived service quality and satisfaction) significantly influence customer loyalty. This study found that factors like society-driven, empathy and customer contacts have an indirect effect on loyalty via satisfaction and quality. It should also be noted that customer contacts have a direct impact on empathy. This study also revealed relatively strong relationship between reliability and satisfaction.

Caruana (2002) developed a meditational model that linked service quality to service loyalty via customer satisfaction. Postal questionnaire were undertaken for this study. The questionnaire used for the data collection consisted 37 items split between three instruments that each measured service loyalty, service quality and customer satisfaction. Data were also collected regarding demographical characteristics of the sample. Data were analyzed using ANOVA, CHAID (Chi-squared automated interaction detector) and multiple regression analysis. This study found that the service quality has significant impact on customer loyalty via customer satisfaction. This study confirmed the mediating role of customer satisfaction in the effect of service quality on service loyalty. The result also revealed that although gender and marital status don’t provide any basis for differentiation among constructs; education and age play crucial role in determining the perceptions of customers towards service quality – service loyalty equation.

Dean (2002) elucidated the contribution of service quality and customer orientation of call centers to customer loyalty to the providing organization. A customer questionnaire using scales for perceived service quality, customer orientation and customer loyalty was developed and administered through mail survey for data collection. Data were collected from clients of two call centers in Australia. Similar results were found for both the groups of respondents. Based on multiple regression
analysis and analysis of correlation coefficient, the study revealed significant impact of perceived service quality and customer orientation of the call centre on customer loyalty to the organization. At the same time, it was also found that the perceived service quality of the call centre mediates the link between customer orientation of the call centre and customer loyalty to the organization.

Sivadas & Baker-Prewitt (2000) examined the relationship between service quality, customer satisfaction, and store loyalty within the retail department store context in order to empirically test the model proposed by Dick and Basu (1994). The sample for the study was collected using a national random telephone survey of 542 shoppers who had shopped at a department store within the past three months. Data were collected using a computer assisted telephone interviewing (CATI) system. Structural equation modeling using Lisrel VIII was used to test the hypothesis developed for the study. This study found that service quality influences satisfaction with retail stores. Results of the study indicated that the relative attitude is influenced both by satisfaction and service quality, and in turn it influences likelihood of recommendation. Recommendation of a store is very much associated with the probability of repurchasing from that store. Consumers who are more likely to recommend a department store also tend to be more loyal to that store.

Based on an empirical study of 387 valid responses at Macau, a small city in south china Lei & Mac (2005) made an attempt to examine the relationship between service quality and customer loyalty. Anyone who had experience of taking a bus in Macau was qualified to be the sample unit of this study. Approximately 550 people were contacted for street intercept face-to-face interview and eventually 387 valid questionnaires were collected. Stepwise multiple regression analysis was employed on the data to understand the dyadic relationship between service quality and customer loyalty. Regression was preferred over structural equation modeling because later method cannot accommodate moderating variables in the analysis. This study revealed that tangibles, assurance, empathy and responsiveness are important determinants of customer loyalty in the transport service sector. At the same time, this study also argued that the higher the frequency of usage of bus service, the stronger will be the effect of service quality on loyalty.
Ehigie (2006) made an attempt to examine how customer expectations, perceived service quality and satisfaction predict loyalty among bank customers in Nigeria. This study relied upon both qualitative as well as quantitative data collected from bank customers. The qualitative research undertook focus group discussions for 18 participants and in-depth interviews for 24 customers operating saving, current and electronic bank accounts. This study made use of 16 constructs for customer expectations and 13 for customer loyalty to develop the research equipments for the quantitative research, which are respectively labeled as Customer Expectancy Scale and Customer Loyalty. For quantitative research, structured questionnaire was administered for 247 bank customers to measure research variables. The hierarchical regression analysis was considered; the study revealed that perception of service quality and satisfaction are significant predictors of customer loyalty, with customer satisfaction contributing more. The contribution of service perception was not significant in explaining customer loyalty. This study argued that the “more favorable customers perceived bank services and the more satisfied they are, the more loyal they are to their banks”.

Vigripat & Chan (2007) made an attempt to investigate the relationship between service quality, brand image, trust, customer satisfaction, repurchase intention and recommendation to others taking evidence from automobile industry in Thailand. The data was collected from car owners using a survey questionnaire that combines the SERVQUAL instrument with additional measures on brand name and brand trust. Based on regression analysis the study elucidated that both perceived value and perceived quality of service have positive effects on customer satisfaction; however perceived service quality has a stronger effect on customer satisfaction than perceived value. Although no influence of brand image was found on recommendation and repurchase intention, trust was found to have significant impact on both the recommendation and repurchase intention. The result revealed that, on average, European cars ranked higher than Japanese cars in all aspects including service quality, value, image, trust and customer satisfaction.

Hazra & Srivastava (2009) had two fold objectives; to examine the strength of association between service quality, customer loyalty, customer commitment and customer trust; to understand the perceptual difference of customers regarding
service quality between public and private sector bank. This exploratory study considered purposive sampling method to collect the data from 300 respondents, which belonged to five public sector and three private sector banks. The data was analyzed using Multiple Regression Analysis (MRA) and Analysis of Variance (ANOVA). The results revealed that customers value four dimensions of perceived service quality—assurance-empathy, tangibles, security and reliability, with assurance-empathy being valued the most. The study showed that in case of private sector banks, enhancements in reliability make differences in customer commitment and willingness to pay, whereas enhancements in security make differences in loyalty to a company for the public sector banks.

Vanniarajan & Gurunathan (2009) investigated the linkage between service quality and customer loyalty using ‘Structural Equation Modeling’ on the primary data collected from 627 mobile phone users. To measure the service quality of service providers in cellular mobile service market, a total of 24 variables had been included. The customer satisfaction was measured with the help of 5 statements whereas the customer loyalty was measured with the help of 6 statements. This study revealed that the core service Quality as perceived by the customers, is positively related to their satisfaction. At the same time, positive correlation was found in between customer satisfaction and customer loyalty. Authors suggested that the service providers must focus on improving core and value added service quality to enrich their customer satisfaction which will result in higher customer loyalty.

The successes of a service provider often depend on its ability to offer expected service quality to the customers and Indian automobile industry is no exception. Katarne, Sharma & Negi (2010) attempted to measure satisfaction/dissatisfaction of customers using standard statistical tools. At the same time the authors also made an attempt to measure service quality of a typical automobile dealership in an Indian city. The study was conducted using a representative survey of respondents; owners of one of the popular brand vehicles. It was observed that majority of the customers who are dissatisfied with the automobile dealer are because of the fact that they are irritated with the delay in delivery (Reliability aspect of SERVQUAL). This study found that service quality level depends on satisfaction/dissatisfaction of the customers.
Delivering high quality service to the customers has become necessary for the survival and growth of the firms across the industry. Mosabab, Mahamad & Ramayah (2010) noted significant as well as positive relationship among all fivefold dimensions of service quality with customer satisfaction and customer loyalty. In addition, the service quality has a direct relation with customer loyalty and opined that the change in customer loyalty can be explained by the service quality changes.

2.3 Customer Loyalty

In today's competitive market, a firm's success is heavily depends upon its capability to develop and enhance long term customer relationships through offering amazing customer experience. Earlier research revealed that cultivating loyal customers can lead to increased sales and customer share at lower costs and thus improve the profitability of the firm (Rusbult, Farrell, Rogers & Mainous III, 1988; Anderson, Fornell & Lehmann Anderson, 1994; Grönroos, 2000; Reinartz & Kumar, 2002).

Reichheld (1993) argued that “when a company consistently delivers superior value and wins customer loyalty, market share and revenue goes up, and the cost of acquiring and serving customers goes down”. Rusbult, Farrell, Rogers & Mainous III (1988) argued that the probability that an individual will exhibit loyalty, exit, or voice depends on the degree of former satisfaction with the relationship, the magnitude of the person’s investment in the relationship, and an evaluation of the alternatives one has. Grönroos (2000) indicated that loyal customers are willing to pay a premium price that, in turn, improves the firm’s profitability. The focal point of service organizations is to delight customers and to ensure customer loyalty, i.e. retaining customers and generating repeat orders. Customer relationship profitability takes place in the course of attracting and retaining high quality customers with low cost of maintenance that also lead to increased revenue for the firm (Anderson & Mittal, 2000).

Although there is not a single universally accepted definition of customer loyalty; researchers tried to define customer loyalty in various ways. Loyalty refers to the “favorable attitude towards a brand in addition to purchasing it repeatedly” (Day,
1969). Jacoby and Kyner (1973) explained “loyalty as the biased (i.e. non-random), behavioral response (i.e. purchase), expressed over time, by some decision making unit, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological (i.e. decision making, evaluation) processes”. Jones & Sasser Jr (1995) opined that the customer loyalty is “a feeling of attachment to or affection for a company’s people, products, or services”.

Dick & Basu (1994) viewed customer loyalty “as the strength of the relationship between an individual’s relative attitude and repeat patronage”. They have also noted that the customer loyalty has two dimensions, i.e., attitudinal and behavioral dimension. Both the attitudinal as well as behavioral measures were used to define customer loyalty. From an attitudinal perspective, Czepiel & Gilmore (1987) viewed customer loyalty as a definite desire to maintain the relationship with a service firm for long-term. Neal (1999) considered behavioral perspective and defined customer loyalty as “the proportion of times a purchaser chooses the same product or service in a category compared with his or her total number of purchases in the category, assuming that acceptable competitive products or services are conveniently available”.

One of the most acceptable definitions of customer loyalty is given by Oliver (1999) who defined customer loyalty as “a deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite there are situational influence and marketing efforts having the potential to cause switching behavior”.

Customer loyalty can also be defined as a commitment to continue doing business with an organization on an on-going basis. Loyalty is something that consumers may exhibit to brands, services, stores, product categories and activities (Uncles, Dowling & Hammond, 2003).

Considering the above definitions, Wong & Sohal (2003) noted that customer loyalty takes place when customers:

- Come for repeat purchase for the specific good or service over a period of time; and
- Have positive attitudes towards the good or service; or towards the firms offering the good or service.
Figure 2.7: Conceptualizations of Customer Loyalty

Model 1

- Strong attitudes & positive beliefs toward the brand
- The influence of significant others, community membership & identity

→ Antidotal-loyalty to the brand (mainly seen as single-brand loyalty — monogamy)

Model 2

- Habitual revealed behaviour
- Satisfactory experience & weak commitment to brands

→ Behavioural-loyalty to the brands (mainly seen as divided-loyalty to a few brands — polygamy)

Model 3

- Purchase situation, usage occasions & variety seeking
- An individual's circumstances & characteristics

→ Co-determinants of buying brand(s) (mainly seen as weak loyalty or no loyalty — promiscuity)


Reichheld (2003) noted that “Loyalty is the willingness of someone—a customer, an employee, a friend—to make an investment or personal sacrifice in order to strengthen a relationship”. Loyal customers not only come for repeat purchases, they do talk good about company to their family and friends.

Butcher, Sparks & O’Callaghan (2001) identified four different dimensions of customer loyalty apart from repeat purchase i.e. positive word of mouth communication; unwilling to switch for competitors’ offerings; associate well with the service offered by the firm; and fondness towards specific service provider.

Fry, Shaw, Von Lanzenauer & Dipchand (1973) based on a patronage tracking study conducted with graduates of a Canadian university made an attempt to reveal customers’ loyalty towards their banks. At the same time, this study also tried to understand what factors explain variations in the degree of loyalty observed. Data for the study were gathered using mail questionnaire sent to group of respondents who were alumni of the University of Western Ontario, London. The questionnaire was designed to identify the patronage of respondents towards their banks at specified periods — before, during and after their stay at university. The analysis was
based on 1346 usable filled – in questionnaires; the questionnaire data provided the basis for generating patronage vectors for each respondent/bank combination over a period of time. The data were analyzed with the help of probability analysis and multiple regression analysis. The study observed the considerable influence of parents on bank patronage in the pre-university period. Subsequently, during the stay in university choice for a particular bank relates back to earlier bank patronage. Bank patronage after graduation was also found highly dependent on the bank patronage during their stay in the university. The customers holding loan account with the bank were found to be more loyal than other group of customers. This study also found that male customers had a higher probability of remaining loyal than female customers. This may be because of the changing preferences of the female customers to the husband’s banks after marriage.

Competition across the markets is rising tirelessly; marketers started recognizing the value of retaining and service existing customers and in the same line of thought they initiated variety of activities to improve customer loyalty. McMullan & Gilmore (2008) focused on establishing individuals’ levels of loyalty and what sustains and develops their customer loyalty and undertook a two-stage study establishing individual levels of loyalty and then identifying the role of mediating effects in loyalty development. In the first stage, a postal survey was administered including a 28-item scale to appreciate customer loyalty along with its sustainers and vulnerabilities (mediating effects). In the second stage, loyalty scores obtained from loyalty scale (high, medium, and low) was examined to understand what sustains and develops loyalty amongst differing levels of development. The findings of the study highlighted the need to acknowledge the importance of reciprocity in terms of which aspects of service customers’ value.

Rothenberger, Grewal & Iyer (2008) offered a framework to elucidate the effects of five antecedents of customer loyalty viz. usage level, service pricing, service quality, membership in loyalty program, and complaint handling. They made an attempt to operationalize the construct of customer loyalty in line with the earlier research and define customer loyalty as “the likelihood of recommending and repurchasing from (or reusing the service of) the firm”. This definition clearly highlight two different indicators of customer loyalty i.e. likelihood of customers recommending the firm
and its offerings to others and the customers’ intention towards reusing the same offering again. Rizka & Widji (2013) replicated and used following six indicators identified by Roberts, Varki & Brodie (2003) i.e. share information, say positive things, recommend friend, continue purchasing, purchase additional service and test new service. It was also noted that the customer loyalty is a outcome of various customer retention programmes that often persuade customers to remain active and biased while choosing their preferred brand.

Yieh, Chiao & Chiu (2007) employed structured equation modeling in order to develop an integrated framework of customer loyalty on the basis of the data collected from 495 car owners patronizing five automobile service and repair centers operated by Taiwan’s three major car companies (Nissan, Toyota, and Mitsubishi). In this study, perceived price fairness, perceived product quality, and employee–customer interaction were the three most important antecedents to customer satisfaction. The empirical findings of the study revealed that perceived price fairness, perceived product quality, customer satisfaction, and trust all play an important role in forming customer loyalty. The factors in the formation of satisfaction are perceived price fairness, perceived product quality, and employee–customer interaction (an element of perceived service quality), while the most important factor in the formation of trust is perceived service quality (i.e. tangibility, employee–customer interaction, and employee empathy).

Hoq & Amin (2010) tried to examine the role of customer satisfaction in enhancing customer loyalty for Muslim and non-Muslim customers in Malaysian Islamic banking industry. They also attempted to understand the impact of customer loyalty on customers’ behavior and their decision making. Quota sampling technique (based on various characteristics of Malaysian banking customers – 18 years old and above, male/female, Muslim/non-Muslim, education, and occupation) was employed to identify respondents for this research. The Multiple groups data analysis was employed on the valid data collected from 440 respondents (sample included both Muslim and non-Muslim banking customers having accounts with Islamic banks and visiting bank counters. The outcome of the study advocated that the customer satisfaction indicators provide an indication in developing customer loyalty on Islamic banks. Significant differences were observed in the effect of customer
satisfaction on customer loyalty for Muslim and non-Muslim customers, whereas the
effect of customer satisfaction on customer loyalty greater for the non-Muslim than
the Muslim customers. All together this study indicated that factors viz. customer
intention to say positive things about Islamic banks to other people; willingness to
recommend family and relatives; recommend Islamic banks to someone who seeks
advice; and do more business with Islamic banks emerged as the most significant
indicators of customer loyalty. The result of the study implies that higher customer
satisfaction leads to a lower customer intention to switch banks.

One of the key benefits offered by customer loyalty is ‘advocacy’. When a customer
is satisfied he is just a passive recipient of the service delivered by the firm, but a
loyal customer experiences a positive bond with the service provider and tend to
promote the service to others and become the ambassador for the firm offering the
service (McGarry, 1995). It has been observed that the customers who possess long
term loyalty don’t easily switch to competitors’ products and services; customers
who possess short term loyalty tend to switch easily when they find better alternative
(Chang & Chen, 2008; Samani, Attafar & Khouzani, 2011). Zeithaml, Berry &
Parasuraman (1996) stated that the customer loyalty can be marked in numerous
ways: by expressing preference for a specific firm over others; through making
repeat purchase from the firm; or by increasing the amount of transaction with the
firm in coming time.

Long term customers are not only unwilling for switching to the competitors’
offerings, they tend to be more price insensitive, buy more of a firm’s offerings, take
less time of the firm and often recommend the firm and its product to their family
and friends. People who purchase products and services because of a personal
referral tend to stay loyal for more period of time than those who purchase because
of advertisements and other marketing stimulus (Reichheld, 1993). Literature review
has revealed that there are many drivers of customer loyalty such as Trust and Value
(Morgan & Hunt, 1994), product and service quality (Devaraj, Matta & Conlon,
2001), relationship marketing (Ndubisi, 2006; Gaurav, 2008; Chiao, Chiu & Guan,
2008), Role of Complaint Handling (Rothenberger, Grewal & Iyer, 2008) and roles
of service people (Colwell, Aung, Kanetkar & Holden, 2008).
2.3.1 Development of Customer Loyalty

Customers often exhibit their loyalty in various ways: By deciding to be with the service firm for long term; by increasing the volume and/or frequency of their purchase; and by recommending the firms’ services to their family and friends (Reichheld & Sasser Jr, 1990).

Achieving customer loyalty is not a one shot process. Oliver (1999) made attempt to acquire in-depth knowledge and understanding with respect to the process of developing customer loyalty and subsequently proposed four phase framework for understanding customer loyalty development. “Consumers are theorized to become loyal in a cognitive sense first, then later in an affective sense, still later in a conative manner, and finally in a behavioral manner, which is described as action inertia”. This model suggests that the customer loyalty takes place into four sequential phases i.e. Cognitive loyalty, Affective loyalty, Conative loyalty, and Action loyalty.

**Cognitive Loyalty**: this initial phase of loyalty stands for loyalty based on brand belief only. Customers prefer a specific product or service over other alternatives as they believe that the preferred one is superior to others. Tough this customer state is shallow in nature; customer loyalty is directed towards the brand at this stage.

**Affective Loyalty**: this phase of customer loyalty development can be seen as a result of repeated satisfying usage occasions. Customers develop the liking for the brand and feel the sense of commitment towards it.

**Conative Loyalty**: this phase of customer loyalty development is characterized by frequent episodes of positive influence toward the brand. This is a more intense form of loyalty that often encourages customers to demonstrate a ‘brand-specific commitment to repurchase’.

**Action Loyalty**: this phase of customer loyalty development represent the stages of ultimate loyalty in which strong motivations are transformed into actions. Customers become loyal and always prepared to defeat obstacles that might prevent the act of patronage; thereby facilitating repurchase.
Figure 2.8: Classification of Customer Loyalty

<table>
<thead>
<tr>
<th>Behavior</th>
<th>Inertial</th>
<th>Positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Captive</td>
<td>Contented</td>
<td></td>
</tr>
<tr>
<td>Convenience-seeker</td>
<td>Committed</td>
<td></td>
</tr>
</tbody>
</table>

Source: Rowley (2005)

Rowley (2005) divided loyalty into four categories i.e. captive, contented, convenience-seeker and committed. Customers are expected to demonstrate the characteristics of these categories with respect to various products, services, stores and brands.

Table 2.2: Typical behavior and typical attitude for different loyalty class

<table>
<thead>
<tr>
<th>Loyalty Category</th>
<th>Typical Behaviour</th>
<th>Typical Attitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Captive</td>
<td>Continue to purchase or use a product or service because they have no choice. Neutral to the brand, with experience of the brand which does not cause them to perceive the brand in a negative light.</td>
<td></td>
</tr>
<tr>
<td>Convenience-seeker</td>
<td>Often associated with routine, low involvement purchases. Engages in regular repeat purchase transactions associated with the brand. No particular attitude to the brand, except that some brands may be associated with convenience.</td>
<td></td>
</tr>
<tr>
<td>Contented</td>
<td>Evaluates products on their merits, but previous and existing engagement with the brand is an opportunity for the brand owner to build the relationship with the customer. A positive attitude in relation to the brand, which may be shared with acquaintances, if their advice is requested.</td>
<td></td>
</tr>
<tr>
<td>Committed</td>
<td>Barely considers other brands. Is prepared to “add value” to the brand, perhaps through participating in supportive customer-to-customer interaction. Engages in positive and delighted word-of-mouth exchanges with other customers or potential customers.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Rowley (2005)

The classification considers loyalty in both attitude and behavior to the brand and simultaneously introduces inertial and positive as ends of a scale with reference to both attitude and behavior. Customer loyalty is very important for the future of business; segmenting loyal will certainly help in understanding loyalty orientation and developing right marketing programmes.
2.3.2 Customer Satisfaction and Customer Loyalty

The customer satisfaction and customer loyalty are important concepts in the marketing literature (McIntyre, 2013); the innate relationship between customer satisfaction and customer loyalty is one that has been conventionally difficult to quantify. Jaiswal & Niraj (2007) state that “The economic benefits of satisfaction and customer loyalty are immense”; Developing and delivering better quality service that guarantee elevated customer satisfaction has become strategic need of service firms.

Customer satisfaction can be understood as “the consumer’s fulfillment response, the degree to which the level of fulfillment is pleasant or unpleasant” (Oliver, 1997). Shahin, Abandi & Javadi (2011) noted that “Customer satisfaction is mainly derived from the physiological response with the perceptual difference gap between expectation before consumption and practical experience after consumption of service or products”. Customer satisfaction was found having significant relationship with some of the customer loyalty dimensions. The various dimensions of customer loyalty consist of emotional, motivational, and trust dimensions. The value of customer satisfaction cannot be ruled out as happy customers are considered as free advertisers (Mohsan, Nawaz, Khan, Shaukat & Aslam, 2011). Anderson & Srinivasan (2003) categorized customer satisfaction into five different categories i.e. overall satisfaction, customer favorite, customer loyalty, customer recommendation and priority option.

Majumdar (2005) observed that the “Customer loyalty is a complex, multidimensional concept”. Customer loyalty is a result of repeat purchase, self stated retention, price insensitivity, resistance to counter persuasion, and recommendation to others (Ganesh, Arnold & Reynolds, 2000). Over and over again, customer loyalty is linked with future behavioural intentions. Kincaid (2003) stated customer loyalty “as a consumer behavior, built on positive experience and value, which leads to buying products, even when that may not appear to be the most rational decision”.
Yang & Peterson (2004) argued that the customer loyalty can be achieved through advancing customer satisfaction and offering improved product/service value. Subsequently they have also identified five fundamental determinants of customer satisfaction i.e. Customer services, order fulfillment, ease of use, product portfolio, and security/privacy. Perceived value is an added important driver of customer loyalty and it extensively influences customer satisfaction. Mohsan, Nawaz, Khan, Shaukat & Aslam (2011) made an attempt to understand the impact of customer satisfaction on customer loyalty and intentions to switch. They have noted a positive correlation between customer satisfaction and customer loyalty, and a negative correlation between customer satisfaction and customer intention to switch. For customer satisfaction to be successful, it must be able to build loyalty among customers. Customer satisfaction boosts the customers’ aspiration to be associated with the company in the long run and it often encourages repeat buying (Rai & Srivastava, 2012).

The connection between customer satisfaction and repurchase intentions (i.e. customer loyalty) may be linear or non-linear; linear functional form was found to be most dominant. Assigning resources to customers at all level of customer satisfaction is equally significant in terms of returns on customer management investment (Dong, Ding, Grewal & Zhao, 2011). Improved customer satisfaction does result in improved customer loyalty.

2.3.3 Customer Loyalty and Profitability

The prolonged existence of a particular firm is determined by its loyal customers who keep staying with the firm over a period of time (Yunus, Bojei & Rashid, 2014). In today’s competitive market, the customer attritional is natural. When old customers leave the organization, attempts are made to attract new set of customers to replace old ones, and replacement occurs at cost. Attracting new customers is pricey as it involves various cost elements viz. advertising cost, promotion cost, sales cost, and operating expenses. It is also observed that the new customers are not profitable for a period of time just after attainment (Zeithaml, Berry & Parasuraman, 1996).
Attracting and retaining right set of customer often make tremendous economic sense. Previous researches have successfully elucidated the correlation between customer retention and the firm’s profitability. Reichheld & Sasser Jr (1990) were the pioneer in explaining the relationship between customer loyalty and profitability and noted that “Companies can boost profits by almost 100% by retaining just 5% more of their customers”. As a customer continues his relationship with the company, it will certainly lead to profit rise. Naturally customers typically will produce more profit each year they will stay with the firm. At the same time, large number of existing customers would let the firm develop a stronger relationship with them and encourage repeat purchases more frequently. Zeithaml, Berry & Parasuraman (1996) also noted that “the longevity of a customer’s relationship favorably influences profitability”.

Relationship marketing does help firm to improve its profitability through acquisition & retention of high quality customers with low cost of maintenance that ultimately lead to higher revenue (Anderson and Mittal, 2000).

Payne (1994) presented numerous reasons why customer retention is so profitable to the firm;

- Sales, Marketing and set up costs are amortized over elongated customer life time,
- Customers’ expenditure amplify over a period of time,
- Serving repeat customers normally cost less than serving new customers,
- Customer who are satisfied and with the firm for long tend to bring referrals, and
- Long term customers are price in sensitive and may be prepared to pay price premium.

McMullan & Gilmore (2008) highlighted two different dimensions of customer loyalty i.e. proactive loyalty and situational loyalty estimated on the basis of the frequency of customers’ purchase. Proactive loyalty is demonstrated by the consumers who often buy firm’s offerings and never go for competitor’s offerings; Situational loyalty is displayed when the consumers opt for firm’s offering on a specific event.
On the basis of research undertaken in four industries viz. (high technology, postal service, retail food and direct brokerage Reinartz and Kumar (2000) found positive influence of customer loyalty on profitability and quoted that "Win loyalty, therefore, and profits will follow as night follows day". The research confirmed that a larger percentage of long term customers are more profitable than short term customers. At the same time, it was also found that larger percentages of high profitable customers are long term customers. In the same line of thought, Garland (2005) supported the earlier statement and noted that "Customer loyalty has been widely regarded as a necessary precursor to individual customer profitability". If relationship revenue can be increased and relationship cost can be decreased over a period of time, long term customers would produce more profitability than short term customers (Leverin & Lijander, 2006).

2.4 Concluding Remarks

This chapter discussed classical thoughts on relationship marketing, perceived service quality and customer loyalty. The importance of relationship marketing and perceived service quality in ensuring customer loyalty has been elucidated. The development of different measurement scales to evaluate service quality was being discussed. Attempts were made to undertake comparative analysis of two well accepted service quality measurement scales viz. SERVQUAL and SERVPERF. At the same time, previous research studies illuminating the connection between relationship marketing, perceived service quality and customer loyalty were appreciated in order to build a strong foundation for the present research study.
Chapter 3: Indian Automobile Industry
– A Profile

3.0 Introduction
3.1 Outline of the Indian Automobile Industry
3.2 Evolution of Indian Automobile Industry
3.3 India as a Part of the Global Industry
3.4 The Indian Automobile Industry: A SWOT Analysis
3.5 Demand Drivers of Indian Automobile Industry
3.6 Major Players in Four Wheeler Segment of Indian Automobile Industry (FY 2014-2015)
3.7 Service in the Automobile Industry
3.8 Contribution of Automobile Industry to the Indian Economy
3.9 Indian Automobile Industry: The Way Ahead
3.10 Concluding Remarks
CHAPTER 3

INDIAN AUTOMOBILE INDUSTRY - A PROFILE

3.0 Introduction

This present research study is intended to understand the impact of relationship marketing and perceived service quality on customer loyalty with special reference to Indian automobile industry. The brief profile of the Indian Automobile Industry has been presented in this chapter. The purpose of this chapter is to highlight the structure of this industry and its contribution to the Indian economy. SWOT Analysis of the Indian Automobile industry is also given here. At the same time, the competitive landscape of this industry has been analysed and presented along with the latest trends and future prospects.

3.1 Outline of the Indian Automobile Industry

In all the growing economies across the globe, it is the automobile industry that plays a major role in facilitating faster economic and industrial advancement. It not only serves as the backbone for basic industries like steel, textiles, petrochemicals, but also facilitates the growth of infrastructure facilities such as power, rail and road transport industries\(^1\). Therefore, being an integral element of growth for almost every other industry, the automobile industry hastens the overall development of a country.

In India, this industry had not seen much improvement in the initial stages. However, after the delicensing of the automobile industry in 1991 in light of the New Industrial Policy and the delicensing of the passenger car industry in 1993, the industry grew at lightening speeds\(^2\). The industry has seen massive growth and has kept adapting itself in the wake of the technological revolution India has seen in the

\(^1\)http://business.gov.in/Industry_services/automobile_industry.php
\(^2\)http://www.indiainbusiness.nic.in/industry-infrastructure/industrial-sectors/automobile.htm
recent years. In lieu of globalization the industry has also become flexible to the changing parameters of the global automobile business3.

A broad categorization of the Indian Automobile industry (Refer Figure 3.1) would be4:

a) Two & Three wheeler vehicles
b) Passenger Cars
c) Commercial Vehicles (Heavy, Medium & Light)
d) Utility Vehicles
e) Tractors

Figure 3.1: Snapshot of Indian Automobile Industry

![Graph showing categories of Indian Automobile Industry](http://business.mapsofindia.com/automobile/)

However with the magnanimous growth in the number of car consumers in the country SIAM (Society of Indian Automobile Manufacturers) has come up with classifications of cars alone so that it would be easy for the consumer to choose and also for the manufacturers to study and analyse the market for various typed of their

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cars. Below are the two classifications based on length of vehicle (Refer Figure 3.2) and based on Body & Engine Area (Refer Figure 3.3);

Figure 3.2: SIAM Classification-I Based on length of vehicle

| A1 Segment | Mini – Up to 3400mm (M800, Nano) |
| A2 Segment | Compact – 3401 to 4000mm (Alto, wagon r, Zen,i10,A-star,Swift,i20,palto,indica etc) |
| A3 Segment | Midsize – 4001 to 4500mm (City, Sx4, Dzire, Logan, Accent, Fiesta, Verna etc) |
| A4 Segment | Executive – 4501 to 4700mm (Corolla, civic, C class, Optra, Octavia etc) |
| A5 Segment | Premium – 4701 to 5000mm (Camry, E class, Accord, Sonata, Laura, Superb etc) |
| A6 Segment | Luxury – Above 5000mm (Mercedes S class, 5 series etc) |
| B1 Segment | Van – Omni, Versa, Magic etc |
| B2 Segment | MUV/MPV – Innova, Tavera, Sumo etc |
| SUV Segment | CRV, Vitara etc |


Figure 3.3: SIAM Classification-II Based on Body & Engine Area

ONE BOX (VAN/MPV) – It means Engine area, Passenger area & luggage area all in one box. There wont be separate compartment. For eg. Omni, Ace Magic, Versa

TWO BOX (HATCHBACK) – It means Engine are has a separate cabin while Passenger area and luggage area are together. For eg. M800, Alto, Santro, i10, A², Swift etc.

THREE BOX (SEDAN/SALOON/NOTCHBACK) – It means Engine area, Passenger area & luggage area all are having different cabin. For eg. SX4, City, Fiesta, Dzire, Ambassador, Indigo CS etc.

ESTATE/STATION WAGON - Its nothing but sedan whose roof is extended till the rear to create more boot space. For eg. Indigo Marina, Octavia Combi, etc.

SUV (Sports Utility Vehicle) – These vehicles have large tyres, higher seating, higher ground clearance. The engine area is separate, but the passenger & luggage area are enclosed together. Most of these vehicles are equipped with either 4 wheel drive system or has the option for that. For eg. CRV, SAFARI, GRAND VITARA, PAJERO etc

SEMI NOTCHBACK - Its a sedan whose boot door can be opened like a hatchback (wagon r, swift), where the rear wind sheild too opens along with the boot door. Unlike sedan whose rear wind sheild is always fixed. There are only few examples for SEMI NOTCHBACK – Skoda Octavia, Accent Viva.

The automobile industry in India can be classified into various segments on the basis of the nature of the products viz. Passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers (Refer Figure 3.4).

**Figure 3.4: Automobile Segments (Product based segmentation)**

![Automobile Segments Diagram](http://www.nsdeindia.org/pdf/auto-auto-comp.pdf)

*Source: http://www.nsdeindia.org/pdf/auto-auto-comp.pdf*

Today, the industry is characteristic of strong forward and backward integration and stands as the largest manufacturer of motorcycles, second largest manufacturer of scooters and tractors and the fifth largest manufacturer of commercial vehicles. India is also the fourth largest in the passenger car industry.

With the relaxed norms of foreign investment and import of technology the industry has already attained a turnover of 34 billion USD. Later, the 'Auto Policy' of 2002 mobilized the industry to reach global standards by promoting the R&D of the sector and helping build improvised design capacities.

The challenge for the industry would now be, to continue keeping pace with the change in technologies and also to go digital keeping in view the emerging tech-savvy consumer. Keeping the price of the automobiles affordable, besides trying to

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5http://www.atkearney.com/paper/-/asset_publisher/dVxv4Hz2h8bs/content/the-contribution-of-the-automobile-industry-to-technology-and-value-creation/10192

6http://business.gov.in/Industry_services/automobile_industry.php
provide the technologies craved for by this new generation of consumers would be another challenge that the industry would have to deal with.

3.2 Evolution of Indian Automobile Industry

The evolution of the Indian automobile industry (Refer Figure 3.5) can be studied throughout the four eras which are divided as follows:

3.2.1 During 1898 to 1957

It was during the late 19th century that the first car hit the Indian roads. An American company with a fleet of about fifty cars had started a public taxi service, so as to serve the officials of the British Raj. However, the cars were of foreign make and were imported to the Indian Peninsula. The early records of the Indian Automobile Industry are dated between World War-I and World War-II when several “assembling” plants had been set up in Bombay, Calcutta and Madras.

Later after the wars, Premier Automobiles Ltd. (PAL) and Hindustan Motors (HM) blew the whistle for the development of the Indian Automobile Industry by opening factories that manufactured their own automobiles instead of assembling automobile parts that were imported. Both PAL and HM were making passenger vehicles when Mahindra & Mahindra took the first step into the industry by manufacturing “the American jeep” which was first of its kind in the utility vehicles segment.

Also after the Tariff Commission had been set up by the government, there was a ban on the assembling operations in the industry. It was due to this reason that many crucial players like General Motors and Ford decided to step out of India.

As a result, the Auto-industry of India took a turning point in the year 1954. There was no competition in the industry and the manufacturers had to comply with the orders of the government with regard to what each player should make and market.
3.2.2 During 1954-1985

This phase of the Auto-industry was affected by the Government’s disturbed relationships with Pakistan and also its dependence on Russia for the steel plant needs.

The Government began to issue tough orders against acquiring foreign technology so as to discourage the industry from heavy reliance on other nations. This move had an adverse affect on the passenger car manufacturers as they had to focus on delivering quality besides trying to develop the required technology from the scratch.

The further consequences to this were exponential in magnitude as component failures increased, quality suffered and the number of breakdowns began to rise to a very rapid extent.

Besides this, the government also began to take control over capacity, distribution and pricing etc. Due to which car manufacturers had to go to court so that their concerns would be looked into. At this stage a car pricing commission had been brought into effect until the abolishment of price control in the year 1985.

3.2.3 During 1985-1993

Another crucial point in the industry that cannot be left unnoticed is the series of policy changes that were brought about in the 1980s. This was the time when the government put an end to its control over the operations of the industry. The broad banding policy which is a remarkable announcement was brought into effect in the year 1985. And this is the phase that marks the rise in the automobile industry with the comeback of Standard Motors with its “Standard 2000”, the making of the first “Fiat” etc.

Also MarutiUdyog Limited (MUL) entered the industry in a joint venture with the Suzuki of Japan. When MUL’s 800 hit the road, it gave a complete makeover to the automobile industry thereby becoming the most emphatic success story of the
industry. MUL bragged a complete 70% of the market share as Padmini Premier and Ambassador began to struggle in the unexpected turn of events. The success of Maruti is attributed to MUL’s efforts to make a cultural shift (in the organization by trying to mimic their Japanese partner) besides trying to pick up product technology from Suzuki.

It was during the same period of time that Suzuki Alto SS80 started to be termed as the “ideal” car.

**Figure 3.5: Evolution of Indian Automobile Industry**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Closed market</td>
<td>• Japanisation - GOI-Suzuki joint venture to form Maruti Udyog</td>
<td>• Delicensing of sector in 1993</td>
</tr>
<tr>
<td>• Growth of market limited by supply</td>
<td>• Joint ventures with companies in commercial vehicles and components</td>
<td>• Global major OEMs start assembly in India (Toyota, GM, Ford, Honda, Hyundai)</td>
</tr>
<tr>
<td>• Outdated models</td>
<td>• Players: Mahindra &amp; Mahindra</td>
<td>• Imports allowed from April 2001; alignment of duty on components and parts to ASEAN levels</td>
</tr>
<tr>
<td><strong>Players</strong></td>
<td></td>
<td>• Implementation of VAT</td>
</tr>
<tr>
<td>• Hindustan Motors</td>
<td>• Premier</td>
<td></td>
</tr>
<tr>
<td>• Telco</td>
<td>• Ashok Leyland</td>
<td></td>
</tr>
<tr>
<td>• Mahindra &amp; Mahindra</td>
<td></td>
<td></td>
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</tbody>
</table>


### 3.2.4 From 1993 to Present

This phase is marked by the delicensing of the industry which threw an open invitation to all those growth-hungry automobile makers which wanted to tap the new market. However the market which was then monopolized by the MUL gave a tough time to the international entrants as it was intrinsically price-sensitive. The Indian consumer focused on value for money which was not an easy parameter for the international auto-makers to compete against. It was for this reason that most foreign players focused on the “luxury” segment of the market which was

comparatively much smaller than the segment that desired an "economical" alternative.

The foreign players however did not lose hope and tried their best at catering to this smaller segment by introducing different models with the prices ranging between 5, 00,000 and 8, 00,000\(^8\).

3.3 India as a Part of the Global Industry

India although characteristic of a sizeable market, still constitutes a very small share of the global industry. Also, the now low-cost production base that India sees as its strength (due to the cost-advantage), seems to be threatened by the rise in the labour costs and also the complicated tax structure.

Critics say that the industry in India is labour-intensive and that it has to make a paradigm-shift to a capital-intensive model before it is too late. Also the businesses can still boost if they try to invest in low-cost automation. As there are many global players operating in India this would be a better alternative to reduce the effect of the rising labour costs. The focus on innovation, which is a key success factor of the industry, is almost negligible and this is a dampening factor in today's scenario.

When it comes to the auto-component manufacturing sector, India is one of the fastest growing low-cost manufacturers with a share of USD 43.5 billion as against the total global market which is in trillions of USD\(^9\). This is a major share for a growing industry such as India.

The global auto-industry structure can be represented with the help of a diagram in an easy to understand way (Refer Figure 3.6).

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\(^8\)http://www.thearmotiveindia.com/forums/nostalgic-era/1295-indian-auto-industry-history-timeline.html

Figure 3.6: The Global Auto-Component Industry


India also has become a supplier base to a huge platter of automobile companies on the global front as well as the domestic front. A brief idea of the kind of companies for which India has become an OEM supplier as well as component supplier can be obtained from the following diagram (Refer Figure 3.7).

Figure 3.7: India - A Supply Base to Automobile Giants across the Globe

India has also become an exporter of various auto parts being a feasible low cost manufacturer for parts required by various automobile giants few of them being Mercedes, Volvo, Hyundai etc.

3.4 The Indian Automobile Industry: A SWOT Analysis

3.4.1 Strengths

a. Foreign investments
b. Increased exports
c. Rise in middle class income
d. Expert pool of engineers
e. Large Market
f. Reduction in cost of labor
g. Monitory assistance from government for manufacture

3.4.2 Weaknesses

a. Higher production costs than few other Asian countries
b. Low labor productivity
c. Higher overheads
d. Low funds for R&D
e. Low quality as compared to other Asian countries
f. Greater local demand for cheaper vehicles
g. Heavier taxes
h. Infrastructure is not up to the mark

3.4.3 Opportunities

a. Government measures to improve road infrastructure
b. Increasing population
c. Better living standards
d. Rising rural demand
c. Increase in per capita income
f. Increase in women drivers

http://www.slideshare.net/niteshthutra/indian-auto-industry-analysis
g. The car turning into a status symbol
h. Demand for better technology
i. Reduction in excise duty

3.4.4 Threats
a. Less skilled labor
b. Lack of technology
c. Rise in import tariff and technology cost
d. Import of Chinese two-wheelers
e. Smaller players as compared to global market
f. Increased congestion in Urban areas
g. Increased Interest rates
h. Rise in cost of raw materials
i. Increased Competition

3.5 Demand Drivers of Indian Automobile Industry

There are a lot of drivers for the demand of automobiles (Refer Figure 3.8) in the Indian auto market which can be considered as strengths or positive factors which shall propel the industry to become a major contributor to the GDP of India\textsuperscript{11}.

Figure 3.8: Demand Drivers of the Automobile Segment


\textsuperscript{11}http://www.ijrmet.com/vol2issue2/amarjit2.pdf
The ratio of car prices to average monthly salary which once stood out at 36-48 months\textsuperscript{12} has dropped to 24 months. The reason could be attributed to both increases in the disposable income as well as the drop in the automobile prices. The consequence in either case is that the purchasing power of Indian consumers has risen.

Similarly there has been a gradual shift to higher segment vehicles. Although the number may still seem small compared to the other segments, there sure is an increase in the number of premium vehicles sold over the last decade.

As the number of Original Equipment Manufacturers has grown there is a wider variety available for the end-user, be it for a two-wheeler or a four-wheeler.

Easy finance which has become widely availed recently, with the decreasing interest rates is another driving factor for the demand of automobiles. Unlike in olden-days when people would be waiting to pool in sufficient money to buy a vehicle, 90\% of the automobiles now-a-days are bought using the finance options.

With increased urbanisation we see that there is a development of big towns and non-metro markets which constitute as much as 20\% of the whole automobile market\textsuperscript{13}.

Also the average product life cycle which was 61 months in the past has reduced to 51 months and will also decrease further owing to the rapid change in technologies which gives rise to demand for new features etc\textsuperscript{14}.

With change in the lifestyle and also the rise in double income families there is a genesis of two-vehicle families which has become a new factor for the rising demand of automobiles now-a-days.

\textsuperscript{12}http://www.strategyand.pwc.com/media/file/Strategyand-India-Automotive-Market-2020.pdf
\textsuperscript{13}http://timesofindia.indiatimes.com/business/india-business/Marketers-drive-into-hinterland-for-growth/articleshow/20735959.cms
\textsuperscript{14}http://www.nsdcindia.org/pdf/auto-auto-comp.pdf
Due to the above discussed demand drivers that contribute to the rise in the demand for automobiles in the domestic market, there is also a consequential growth in the number of OEM manufacturers and players in the auto-component segment of the automobile industry (Refer Figure 3.9).

Figure 3.9: Demand Drivers of the Auto-Component Segment

Besides the domestic demand, the capability of India to produce Original Equipment at cheaper costs as compared to the other countries has also brought about more demand to produce Equipments and components locally in India and then export it to foreign markets\(^5\).

3.6 Major Players in Four Wheeler Segment of Indian Automobile Industry (FY 2014-2015)

The reason for the slight dullness of the industry now, could be attributed to the rise in fuel costs, high inflation and the consequent decision of potential buyers to delay their buying. However the major players in the Indian automobile industry have continued their oligopoly since the delicensing in the early 1990’s. Let us discuss some of the major players and their performance recently.

\(^5\)http://aema.in/docmgr/Status_of_Auto_Industry/Status_Indian_Auto_Industry.pdf
Maruti Udyog Limited (MUL)

MUL, the market leader has seen a drastic fall in sales in April 2014 (79,119 units) as compared to the April 2013 (90,523 units)\textsuperscript{16}. The drip in MUL’s mini-segment cars (800, Alto and Wagon R) is an enormous 25.4% while the drip in the sales of Dzire, Maruti’s star sedan stands at a not so negligible 17.7%\textsuperscript{17}. The exports however have seen desirable results with an increase by about 4.4%.

Hyundai Motor India Ltd.

Hyundai has sold 35,248 units in April 2014 showing a growth of 8.78% over 32,403 units in April 2013\textsuperscript{18}. Hyundai’s growth is in line with the objectives it had for the FY 2014-2015.

Honda Cars India

With City Sedan and the Amaze Honda cars has seen a whopping 30% rise in sales. The number of units sold in April 2014 is 11,040 as against 8,488 units in April 2013\textsuperscript{19}. This includes 578 units of Brio, 3355 units of Amaze, 7044 units of City and 63 units of CR-V\textsuperscript{20}.

Mahindra & Mahindra

The passenger vehicle sales of the Auto giant falls to 18,148 units in April 2014, from 20,748 in April 2013\textsuperscript{21}. The total number of sales however stands at 34107

\textsuperscript{16}http://article.wn.com/view/2014/05/01/Maruti_Suzuki_sales_drop_12_in_April/
\textsuperscript{17}http://www.thehindubusinessline.com/companies/maruti-suzuki-sales-drop-12-in-april/article5965288.ece
\textsuperscript{18}http://www.hyundai.com/in/en/MediaCenter/PressReleases/DF_IN_LOCALNEWSVIEW_20140501.html?selx2=
\textsuperscript{19}http://www.indiatelevision.com/mam/marketing/brands/honda-cars-india-registers-30-growth-in-april-2014-140503
\textsuperscript{20}http://www.motorrend.in/autonews/0105201405/honda-cars-india-registers-30-percent-growth-in-april-2014.htm#axzz3DUcvyCv2
\textsuperscript{21}http://www.mahindra.com/News/Press-Releases/1398932829
units while in April 2013 the number was 39,902 units\textsuperscript{22}. The company hopes that the scenario would turn better after the general elections.

**Toyota Kirloskar Motor**

The sales in April 2013 were 9007 units but due to the worker strife in the Bangalore manufacturing unit Toyota sees a fall of 16.04\% in April 2014 (7562 units)\textsuperscript{23}. However normal production has been resumed on April 22\textsuperscript{nd} and Toyota aims to see brighter days soon.

**Ford India**

Ford India has seen a rise to 6651 units in April 2014 while the numbers recorded in April 2013 were 4003 units which is a 66\% rise\textsuperscript{24}. Even on the exports front, Ford has exported 6646 units (April 2014) which is almost double the exports in April 2013 (3267 units)\textsuperscript{25}.

**GM India**

General Motors has seen a drop to 5302 units from 8196 units in April 2013\textsuperscript{26}. The numbers as against the model would be: 1,828 units of the Chevrolet Beat; 1,267 Taversas and 939 units of the Enjoy MPV\textsuperscript{27}.

**3.7 Service in the Automobile Industry**

After the deal is closed by the vehicle salesperson there is the after-market sales department that comes into picture. This department generally serves the customers by providing them additional services and merchandise. Some examples, would be

\begin{itemize}
  \item \textsuperscript{22}http://www.business-standard.com/article/news-economy/mahindra-mahindra-auto-sales-report-for-april-2014-14050200498_1.html
  \item \textsuperscript{23}http://profit.ndtv.com/news/corporates/article-toyota-kirloskar-sales-decline-20-in-april-387102
  \item \textsuperscript{25}http://auto.ndtv.com/news/ford-india-sales-up-83-percent-in-april-2014-387112
  \item \textsuperscript{26}http://articles.economictimes.indiatimes.com/2014-05-01/news/49552063_1_chevrolet-enjoy-p-balendran-motors
  \item \textsuperscript{27}http://autoportal.com/news/general-motors-sold-5302-units-in-april-2014.html
\end{itemize}
service contracts, extended warranties, insurance and merchandise such as music-systems, environmental paint protection packages, undercoat sealant etc.

There are also automobile service departments that provide automobile repair services, sell replacement parts and also provide additional facilities such as collision repair, painting and refinishing options. The various services provided by the service department and also the quality of these have a huge impact on the customers' satisfaction levels and also increase the chances of the customer being loyal to the particular automobile seller there by leveraging the scope of customer retention.

Another growing sub-segment of the automobile service industry is the leasing services and also the reselling of used automobiles. With the growing demand for automobiles at lower costs, selling of used automobiles has also surged and forms a substantial segment of the service industry in terms of the revenue generated. Fuelling the growth of this is the improved technological efficiency due to which automobiles have become more durable. Luxury car makers have also found that customers who may not be able to afford a new car of the premium brands prefer to buy a used car of the same brand rather than buy a new car of a not-so-premium brand. Therefore there are two types of sellers in the used-automobile market-new automobile dealers who also sell used automobiles and stand-alone used automobile dealers.

The stand-alone used car dealers may be single-store dealers or may have multiple stores across different states. Such dealers have grown in numbers across the country and they capitalize on the sales of old pre-owned vehicles. These kinds of dealers instead of doing the warranty and service-related work themselves, contract these out to other small establishments. During times when the economy is low, the major share of the revenue in the automobile market is from these segments rather than the new car dealers.

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The leasing services also form an important part of the automobile service industry which serves as a financial option to the customer. Customers who want to buy a heavy duty vehicle such as a truck or a lorry would not prefer to make a huge investment by buying these. Hence, as an alternative they take these vehicles on lease for a long-term period. Leasing helps in incurring lower monthly costs rather than actually investing in these vehicles\textsuperscript{29}.

3.8 Contribution of Automobile Industry to the Indian Economy

By nature of its complexity and a number of backward and forward linkages the automobile industry (Refer Table 3.1) today has become the direct or the indirect employer of about 17 million people across the country\textsuperscript{30}.

Table 3.1: Functional distribution of workforce at auto and auto component suppliers in India (FY 2011)

<table>
<thead>
<tr>
<th>Function</th>
<th>Distribution at Auto OEM's</th>
<th>Distribution at Large Tier I suppliers</th>
<th>Distribution at Small Tier I suppliers, Tier II, Tier III and lower suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing/Operations</td>
<td>55-60%</td>
<td>70-75%</td>
<td>80-85%</td>
</tr>
<tr>
<td>Design and Development, Production Engineering</td>
<td>7-8%</td>
<td>5-6%</td>
<td>1-2%</td>
</tr>
<tr>
<td>Vendor Development/ Purchase</td>
<td>4-5%</td>
<td>2-3%</td>
<td>Minimal</td>
</tr>
<tr>
<td>Projects</td>
<td>1-2%</td>
<td>Minimal</td>
<td></td>
</tr>
<tr>
<td>Tool room</td>
<td>2-3%</td>
<td>2-3%</td>
<td>1-2%</td>
</tr>
<tr>
<td>Industrial Engineering/ Technical Services</td>
<td>4-5%</td>
<td>2-3%</td>
<td>Minimal</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>5-6%</td>
<td>3-4%</td>
<td>3-4%</td>
</tr>
<tr>
<td>Service/Spare</td>
<td>7-8%</td>
<td>1-2%</td>
<td>1-2%</td>
</tr>
<tr>
<td>Support functions (HR, Admin, Finance, Accounts)</td>
<td>7-8%</td>
<td>4-5%</td>
<td>2-3%</td>
</tr>
</tbody>
</table>


The people who are directly employed in the industry are usually the ones working with the Automobile OEM's and also the manufacturers of the automobile

\textsuperscript{29}http://www.reportlinker.com/ci02295/Automotive-Service.html
\textsuperscript{30}http://www.siamindia.com/Event/view-eventhead.aspx?id=269
components. Indirect employees are those that are working with vehicle finance and insurance, repair, maintenance and the service stations.\(^\text{31}\)

However there is a skill gap. A majority of these people lack the technical knowledge and skills expected of an employee in this sector.

The need for employees shall anyway rise with the growth of the automobile industry that shall propel it to become one of the largest employment sectors in the country in just a few decades from now.\(^\text{32}\)

A projection of the employment scenario by 2022 is summed up however in the following bar diagrams\(^\text{33}\) (Refer Figure 3.10, Figure 3.11 and Figure 3.12).

**Figure 3.10: Category wise incremental human resources requirement (in lakhs) expected in 2022**

![Bar Diagram](http://www.nsdcindia.org/pdf/auto-auto-comp.pdf)


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\(^\text{31}\)http://www.happiestminds.com/industries/automobile-industry


Figure 3.11: Direct employment - Incremental human resources requirement (in lakhs) expected in 2022


Figure 3.12: Indirect employment - Incremental human resources requirement (in lakhs) expected in 2022

Depending on the location, make of the vehicles, dealer size and his distribution network, the number of workers employed by the automobile dealers would vary hugely.

The wide range of workers employed in the automobile sector would be as discussed below\textsuperscript{34};

**Sales related employees**

These people are the first ones to greet the customer and find out their requirements based on a series of pre-determined probing questions that they ask. The success of a dealer generally depends upon the skills of the sales personnel that he recruits and they constitute about 36% of all the employees in the auto industry.

**Installation, maintenance & repair occupations**

Constituting 27% of the total auto industry employment, these personnel consist of automotive mechanics, technicians, service personnel and shop managers. Service managers who take charge of the service department of a dealer play a key role by taking up the responsibility of the reputation, profitability and the efficiency of the dealership.

**Figure 3.13: Distribution of overall Incremental human resources requirement (in lakhs and percentage) expected in 2022**


\textsuperscript{34}http://www.collegegrad.com/industries trade01.shtml#occ
The automobile industry provides direct employment to 30-40% and indirect employment to 60-70% people in the country as of today. Hence the contribution of the automobile industry to the overall economy of the country is expected to increase to a considerable extent. The pie chart below shows the distribution of employment as projected for the year 2022 (Refer Figure 3.13).

3.9 Indian Automobile Industry: The Way Ahead

To facilitate the development of the auto-sector the Government of India has come up with a number of policy measures, the most important among which is the “Auto-Policy 2002”. The main objective of this policy is to bring low-emission fuel technologies and improve the availability of auto fuels.

The Government also aspires to see that the automobile sector in India shall be a substantial enough contributor to the global market by placing an emphasis on manufacturing auto-components. The vision is to see India too as one of the major suppliers of auto-components at the global level.

The “National Automotive Testing and R&D Infrastructure Project” seeks to bring in sufficient infrastructure for R&D. The project also includes developing the right testing and validation infra needed. The “Automotive Mission” plan of 2006-2016 aims at transforming India as one of the important world hubs for the manufacture of automobiles and their parts. The Indian Auto industry is still handicapped by various obstacles such as India’s limited understanding of the global business dynamics, instability and fluctuations in the prices of raw materials, poor infrastructure, high power costs, and limited generation of any surplus funds if at all needed.

Despite all the dampening efforts, India has a good opportunity to turn itself into a trusted sourcing destination by the foreign players. Few of them such as Ford, Toyota and GM have even set up their bases in India for the component manufacturing due to many attractions such as the low labour costs, the potential for high exports, availability of manpower and flexible reforms in the government policy.
Many reports suggest that India is going to see a sustainable growth in the automobile sector owing to raise in the income levels and hence an emergence of quite a prosperous society which exhibits a booming consumption pattern (Refer Figure 3.14).

India would do well if there is enough focus on efficiency improvement and quality awareness across the industry and not just the zeal to expand the capacities. There is a drastic shift in the way the global automobile industry has been operating since its inception. The demand drivers, the GDP, the market size, the purchasing power of the consumer have all been changing subject to the increasing dynamics of the automobile industry as per which India seems to be the centre of attraction due to economic shift.

Figure 3.14: Consumption pattern as forecasted by Booz & Co.


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While Automobile industry is expected to emerge as a major contributor to the economy as well as a strong player in the international market, how India is going to deal with the various challenges and risks involved is still a question to ponder.

3.10 Concluding Remarks

This chapter has presented an overview of the Indian Automobile Industry. The SWOT analysis of the Indian Automobile Industry is given and its contribution to the Indian economy has been highlighted. In addition to consumption pattern, Attempts were also made to understand other demand drivers that influence the development of automobile industry in India. The growth and evolution of the Indian Automobile Industry has been appreciated and latest trends have been also highlighted.
Chapter 4: Research Methodology

4.0 Introduction
4.1 Overview of Research
4.2 Research Objectives and Research Hypotheses
4.3 Research Schema
4.4 Research Methodology
4.5 Research Design
4.6 Sources of Data
4.7 Development of Measurement Instrument
4.8 Reliability and Validity
4.9 Sampling Design
4.10 Data Collection
4.11 Data Analysis & Interpretations
4.12 Limitations of the Study
4.13 Concluding Remarks
CHAPTER 4

RESEARCH METHODOLOGY

4.0 Introduction

This chapter is intended to elucidate the research methodology selected for the present research study to achieve the research objectives effectively and efficiently. With the help of literature review, certain research gaps were identified and consecutively issues to be investigated have been formulated as research objectives and research hypotheses. Research schema has been developed and presented here to give direction to present research study. Rationale behind the selection of specific research methodology has been presented here. This chapter explicates various elements of research design viz. data source, scale development, data collection methods undertaken and statistical data analysis techniques employed to test the hypotheses. Lastly, limitations of the present research study have been cited with an expectation that future studies would attempt to minimize these limitations.

4.1 Overview of Research

“Research can be defined as a systematic, self – critical enquiry” (Krishnaswamy, Sivakumar & Mathirajan, 2006). Research can be defined as a rational and systematic search for new as well as useful information on a particular topic. The enquiry is often intended either to understand a phenomenon or to solve a problem. Generally, research can be classified into two wide-ranging categories viz. basic research, and applied research. Basic research is also known as ‘Pure Research’ as it deals with more fundamental questions and not the problems with instantaneous business potential. On the other hand, Applied research is also known as ‘Decisional Research’ as it addresses certain problem and offers alternative solutions along with probable outcomes. Contrasting to basic research that aims to expand the frontiers of knowledge, applied research is intended to apply the available knowledge and is prompted by business deliberations (Beri, 2009). With management research, a researcher tries to understand the phenomena of decision-making processes and their
environments. The present study is an applied research as it makes use of existing body of knowledge with an intention to understand a specific phenomenon.

American Marketing Association stated that “Marketing research is the function that links the consumer, customer, and public to the marketer through information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications” (Ama.org, 2004).

4.2 Research Objectives and Research Hypotheses

This research study has the following objectives;

- To identify the constructs of relationship marketing in the context of Indian Automobile Industry.
- To investigate the impact of relationship marketing constructs on customer loyalty in the context of Indian Automobile Industry.
- To investigate the impact of perceived service quality dimensions on customer loyalty in the context of Indian Automobile Industry.

The prior research studies have not comprehensively examined the impact of Relationship Marketing and Perceived Service Quality on Customer Loyalty in Indian Context. Present research study expects significant positive relationship between the constructs of Relationship Marketing and Customer Loyalty in accordance with Ndubisi (2007); Gaurav (2008); Alrubaiet & Al-Nazer (2010). At the same time, this research study also expects significant positive relationship between the perceived service quality dimensions and customer loyalty in agreement with Wong & Sohal (2003); Lei & Mac (2005); Vanniarajan & Gurunathan (2009).
Subsequently, following hypotheses were developed in line with research objectives for testing that formed the basis for the present research study;

**H1:** There is a significant positive relationship between the constructs of Relationship Marketing and Customer Loyalty.

**H1a:** There is a significant positive relationship between Customer Centricity and Customer Loyalty.

**H1b:** There is a significant positive relationship between Commitment and Customer Loyalty.

**H1c:** There is a significant positive relationship between Trust and Customer Loyalty.

**H1d:** There is a significant positive relationship between Communication and Customer Loyalty.

**H2:** There is a significant positive relationship between Perceived Service Quality Dimensions and Customer Loyalty.

**H2a:** There is a significant positive relationship between Tangibility and Customer Loyalty.

**H2b:** There is a significant positive relationship between Reliability and Customer Loyalty.

**H2c:** There is a significant positive relationship between Responsiveness and Customer Loyalty.

**H2d:** There is a significant positive relationship between Assurance and Customer Loyalty.

**H2e:** There is a significant positive relationship between Empathy and Customer Loyalty.

**H3:** Relationship Marketing explains Customer Loyalty better than Perceived Service Quality.

### 4.3 Research Schema

The core intention of the present research study is to understand the impact of relationship marketing and perceived service quality on customer loyalty in the context of Indian Automobile Industry. This study follows a descriptive study design.
as its plan of action. The research schema was developed to help researcher identify the process to be followed in order to achieve the set research objectives.

**Figure 4.1: Research Schema for the Present Research Study**

![Relationship Marketing and Perceived Service Quality Diagram]

*Source: Developed by the Researcher*

In accordance with the research objectives and research hypotheses, this research schema (Refer Figure 4.1) has been developed to lead the present research study. In this research schema, Constructs of Relationship Marketing and Perceived Service Quality Dimensions have been considered as independent variables whereas Customer Loyalty has been taken as dependent variable. This research schema was crafted on the basis of research gaps identified with the help of extant literature review (De Ruyter, Wetzels & Bloemer, 1998; Ndubisi, 2007; Gaurav, 2008; Kheng, Mahamad, Ramayah & Mosahab, 2010) to elucidate the antecedents of customer loyalty.
4.4 Research Methodology

Research methodology is a way to solve the research problem in a systematic way (Kothari, 2004). Methodology as defined by Crotty (1998) is "the strategy, plan of action, process or design lying behind the choice and use of methods to the desired outcomes". It can be referred as a science of learning how research can be undertaken in a scientific way. Myer (2009) considered research methodology as a 'strategy of enquiry'. The research methodology is intended to build on a set of basic assumptions and choice of research design to collect the requisite data for the research study. The selection of a research methodology often depends on the nature of research questions a researcher is interested to answer and the practicality of collecting the variety of data that will be helpful in answering those questions.

Even though there are many distinctions in the research methodologies, the most common way to distinguish the research methodologies are Quantitative and Qualitative. Kothari (2004) noted that the quantitative research (also known as empirical research) is based on the measurement of quantity and is applicable to the phenomena that can be articulated in quantitative terms. Contrary to quantitative research, qualitative research addresses the qualitative phenomena relating to or involving quality or kind. "Quantitative research seeks explanatory laws; qualitative research aims at in-depth description" (McKereghan & Ferch, 1998). Quantitative research often relies upon pre-identified research hypothesis and is deductive in nature, whereas the qualitative research is inductive in nature and does not need a research hypothesis to start with the research study (DeVault, 2014). In simple words, it can be said that the quantitative research does deal with objectivity while qualitative research addresses subjectivity. The present research study is an objective oriented study and is quantitative in nature.

4.5 Research Design

After the selection of research methodology, the next most important thing is to develop the research design. Research design is considered as the backbone of any research study. Green, Tull & Albaum (2007) defined "research design as the specification of methods and procedures for acquiring the information needed".
Research design can be understood as a plan or organizing framework for undertaking the research study. Research design is required as it aid the smooth sailing of the various research procedures, thereby making research study effective as well as efficient yielding maximal information with least spending of effort, time and money (Kothari, 2004). Research design can also be viewed as “a set of advance decisions that makes up the master plan specifying the methods and procedures for collecting and analyzing the needed information” (Burns & Bush, 2006).

Conventionally, research designs can be classified into three categories: exploratory research, descriptive research and causal research. The selection of most apt research design is based on the research objectives. The exploratory research is intended to gain background information with respect to the general nature of the research problem. Descriptive research is employed in order to get answers to the questions of who, what, where, when and how. At one hand, descriptive research is intended to explain something; either population characteristics or marketing function under study. At another hand, causal research is employed to get evidence of cause – and – effect relationship between variables considered for the study (Malhotra, 2007).

This present study is intended to understand the Impact of Relationship Marketing and Perceived Service Quality on Customer Loyalty in Indian Automobile Industry. The study undertakes descriptive research to answer the research questions and achieve the research objectives. Descriptive research design has been used in order to gain in-depth insights into the research area and comprehension of various issues related with relationship marketing, perceived service quality and customer loyalty. At the same time, descriptive research was also used to test various hypotheses developed for this research study to examine the impact of relationship marketing and perceived service quality on customer loyalty.

4.6 Sources of Data

Data can be defined as a set of values of quantitative or qualitative variable (Wikipedia, 2014). Facts, figures and other relevant materials associated with present and past that form the basis for research studies are considered as data. In simple words, data can be understood as distinct bit of information presented in a
particular way. The effectiveness of research often depends on the quality of data collected and analyzed in the course of completing the research.

There are two types of data; Primary Data and Secondary Data. Primary data are the fresh data collected by the researcher from a first-hand experience. Primary data are originated by the researcher undertaking the study in order to address the research problem (Malhotra, 2007). As it is collected for the first time, it is deemed to be original in nature. It is collected either by the researcher himself or by his representative. On the other hand, Secondary data have already been collected by someone else other than the researcher to address research problem other than the research problem at hand (Burns & Bush, 2006). Secondary data are cost effective and can be accessed through various offline as well as online sources promptly.

For the purpose of addressing present research study, both primary as well as secondary sources were utilized to collect data. Primary (first hand) data was collected directly from the respondents by administering structured questionnaire prepared for the purpose of data collection. As the study is intended to appreciate customers’ perspective with reference to impact of Impact of Relationship Marketing and Perceived Service Quality on Customer Loyalty, the primary data was collected only from the respondents who own either a two wheeler or a four wheeler for their personal use. Secondary data was collected from research papers, articles, industry reports & published thesis in the area akin to this study. EBSCO, J-Gate, Emerald and Google Scholar were the major research databases utilized by researcher to collect desired research papers and articles. While using both primary and secondary data, an attempt was made to have synergistic outcome in order to gain in-depth comprehension of the research problem and to get meaningful and significant research output.

4.7 Development of Measurement Instrument

Measurement is a process of assigning numbers or other symbols to characteristics of objects in line with certain predefined rules. In most of the research studies, measurement is undertaken for the characteristics not for the objects. Assigning numbers to the characteristics has two fold advantages; it eases statistical analysis of
the data and it also facilitates the communications of measurement rules and results. In management research, scaling can be understood as an extension of measurement. "Scaling involves creating a continuum upon which measured objects are located" (Malhotra & Dash, 2009).

Management research generally make use of four primary scales of measurement: nominal scale, ordinal scale, interval scale, and ratio scale. One of the most widely used scales is Nominal scale and it deals with classifying objects, events and individuals into categories. Ordinal scale, also known as ranking scale is used to measure data having transitivity property. Apart from having the characteristics of nominal scale, ordinal scale indicates the order. Interval scale doesn’t only possesses the supremacy of nominal and ordinal scales but also encompass the addition strength i.e. determination of the equality of differences. Numerically equal space on the scale symbolizes equal values in the characteristics of the objects being assessed in an interval scale. Interval scales are considered as truly quantitative scale as almost all kind of statistical analysis can be employed on the data collected through it. Ratio scale can understood as an interval scale with a natural origin. Ratio scale possesses the power of nominal, ordinal and interval scales; and very commonly used in physical science. (Krishnaswamy, Sivakumar & Mathirajan, 2006; Malhotra & Dash, 2009; Beri, 2009)

The questionnaire is a well established tool for gathering information in the area of social science research (Bird, 2009). De Vaus (2002) described Questionnaire as a technique of data collection in which each respondent is asked to respond to the same set of questions in a prearranged order. Questionnaire is regarded as a structured technique for data collection that contains a series of questions either in written or in verbal form to be answered by respondents. Malhotra & Dash (2009) highlighted following three objectives of an effective questionnaire;

- It must transform the information required into a series of specific questions that are expected to be answered by respondents.
- It must motivate and encourage the respondents to participate in the research process by providing ingenious answer for the questions.
- It should reduce the response error. Response error arises when respondents fail to provide appropriate answer for the questions given in the questionnaire.

A high-quality questionnaire design is crucial for ensuring integrity in a research study (De Vaus, 2002). In line with the study conducted by Bloemer, De Ruyter & Peeters (1998); Ndubisi & Wah (2005); Ndubisi (2007); Gaurav (2008); Ndubisi, Malhotra & Wah (2009), in this study the design of the questionnaire was mainly based on multiple item measurement scales derived from the previous research studies. The various items were identified and further adapted according to the requirement of this study.

The questionnaire contains three broad sections. The first section is intended to capture the perceived service quality assessment of respondents for their vehicle. In the second section, attempt was made to understand the relationship marketing imperatives. The third section is dedicated to depict the belief of respondents towards customer loyalty, one of the most critical goals of business across the industry. In this research study, respondents were also asked to give demographic details as well as information about the vehicle considered for providing responses.

The questionnaire developed to collect primary data from the respondents for this research study makes use of interval scale for measuring the characteristics of the objects under study. In the questionnaire, all the selected items related to Perceived Service Quality, Relationship Marketing and Customer Loyalty were presented in the form of statements along with five-point likert scale (from 1 = strongly disagree to 5 = strongly agree) in agreement of the statement. The measurement scale (questionnaire) was pre-tested and reliability and the validity of the scale were checked before administrating the questionnaire for data collection.

4.7.1 Service Quality Measurement

Unlike physical goods, services are intangible in nature. Due to this intangibility aspect of service, measuring service quality is not as easy as measuring product quality. Although several scales have been developed by researchers to measure
service quality in the past, there is no consensus over effectiveness of the scale. SERVQUAL (Parasuraman, Zeithaml & Berry, 1985/1988) and SERVPERF (Cronin Jr & Taylor, 1992) constitute two major service quality measurement scales.

Parasuraman, Zeithaml and Berry (1985/1988) operationalized service quality as a difference between consumer expectations of ‘what they want’ and their perceptions of ‘what they get’ and developed SERVQUAL that is based on the gap theory and measures the gap between expectations and performance perceptions of services using five service quality dimensions viz. tangibility, reliability, responsiveness, assurance and empathy.

Contrary to this, Cronin Jr & Taylor (1992) argued that solely by evaluating Customers’ perception of performance for five quality dimensions of SERVQUAL service quality can best be evaluated and subsequently developed another service quality measurement scale called SERVPERF.

Based on the popularity and wide applicability, this study has considered SERVQUAL to measure service quality. All the 22 Items in the original scale was revised and adopted to measure automobile service quality (Refer Appendix I). A likert five-point scale ranging from “Strongly Disagree” to “Strongly Agree” was used to assess various items to estimate service quality.

4.7.2 Relationship Marketing Constructs

Contrary to Transactional Marketing, Relationship Marketing aims at enhancing profitability of the firms while offering expected service to the customers and maintaining long term relationship with them. O’Malley & Tynan (2000) argued that the relationship marketing works well when customers are highly involved in the goods or services. Customers are interested to be engaged in relationship building activities if an element of personal interaction is present. Relationship marketing can be considered as an exit from traditional transaction behavior in order to develop the customers as partners. In order to appreciate customers’ perspectives towards relationship marketing strategy of automobile firms, 31 items were identified (Refer
Appendix I) from previous research (Morgan & Hunt, 1994; Leverin & Liljander, 2006; Ndubisi, 2006/2007; Gaurav, 2008; Alrubaiee & Al-Nazer, 2010; Raza & Rehman, 2012 and Kiyani, Niazi, Rizvi & Khan, 2012) and included in the questionnaire as statements along with likert five-point scale anchored by 1 = strongly disagree to 5 = strongly agree.

4.7.3 Customer Loyalty Dimensions

Customer Loyalty communicates the intended behavior of customers with special reference to the specific product and service (Bei & Chiao, 2001). In general term, Customer Loyalty has been described as Repeat purchasing frequency or relative volume of same-brand purchasing. 16 items were identified (Refer Appendix I) from existing literature (Butcher, Sparks & O’Callaghan, 2001; Beerli, Martín & Quintana, 2004; Leverin & Liljander, 2006; Gaurav, 2008 and Kiyani, Niazi, Rizvi & Khan, 2012) and subsequently adopted in the questionnaire in the form of statements. A likert five-point scale ranging from “Strongly Disagree” to “Strongly Agree” was used to assess the customer loyalty.

4.8 Reliability and Validity

Reliability and Validity are often considered as the key indicators for quality of measurement instrument.

Reliability of a scale can be understood as the extent to which a scale produces consistent results if repeated measurements are made. (Malhotra, 2007; Moser & Kalton, 1972). There are three widely accepted approaches for evaluating reliability viz. test-retest, alternative-forms, and internal consistency reliability. Test –retest reliability is employed to examine the reliability to determine the consistency of measurement at different point of time (Cherry, 2014). In order to carry out test-retest reliability, the identical measurement instrument such as questionnaire is administered to the respondents at two different point of time under equivalent conditions. If the gap between administering the test is modest, reliability is likely to be higher. Alternative – forms reliability requires development & administration of two equivalent measurement instruments on the same set of respondents at two
different point of time. The internal consistency reliability is used to evaluate the internal consistency of “the set of items when several items are summed to form a total score for the scale” (Malhotra, 2007).

In the present study, internal consistency reliability analysis was undertaken as the measurement scale here is a summated scale where several items are summed to form an overall score. In line with Karatepe, Yavas & Babakus (2005) Cronbach’s alpha i.e. also known as coefficient alpha was computed and analyzed. Cronbach’s (1951) $\alpha$ (alpha) is a coefficient of internal consistency and often used as an estimate of reliability of a measurement and it can be referred as “the average of all possible split-half coefficients resulting from different splitting of the scale items” (Malhotra & Dash, 2009). The value of this coefficient varies in between 0 to 1, and the value of 0.6 or above indicates satisfactory internal consistency reliability (Hair, Black, Babin, Anderson & Tatham, 2006). The higher value of Cronbach’s alpha stands for superior internal consistency reliability for a measurement instrument.

The validity of a scale can be defined as the extent to which differences in observed scale scores reflect the true differences among objects on the characteristic being measured rather than systematic or random error (Malhotra, 2007). A scale is assumed to have perfect validity when there is no measurement error.

There are three different approaches for assessing validity i.e. content validity, criterion validity and construct validity. Content validity refers to the degree to which the measurement instrument completely evaluates or measures the construct of interest. Content validity, sometimes known as face validity and is concerned with the extent to which a measurement “looks like” it measures that which it is intended to measure (Burns & Bush, 2007). Criterion validity is intended to assess whether the measurement instrument performs as anticipated in relation to other variables selected as meaningful criteria. Establishing Construct validity is supposed to be the most sophisticated and difficult. Construct validity addresses the question of what construct or characteristic the measurement scale is, in fact, measuring (Malhotra, 2007).
“Validity requires that an instrument is reliable, but an instrument can be reliable without being valid” (Kimberlin & Winterstein, 2008). In this research study, content validity of the measurement scale was assessed by asking three domain experts to scrutinize the scale and provide relevant comment. Accordingly the changes were made and scale was revised in line with the suggestions given by the domain experts.

4.9 Sampling Design

In all kinds of research, it would be ideal to examine the entire population; but in most of the cases population is too large and it is impossible to study the population. At this backdrop, sampling in the research study is intended to obtain representative part of the population. Research studies rarely attempt to examine the whole population that is pertinent to the research problem due to various reasons. The exactness and accuracy of research findings are influenced by the way in which sample has been selected. Krishnaswamy, Sivakumar & Mathirajan (2006) highlighted two major objectives of the sampling design; the sample must be representative of the population, and the sample size must be adequate to ensure desired precision.

Malhotra and Dash (2009) defined population as “the aggregate of all the elements that share some common characteristics and that comprise the universe for the purpose of marketing research problem”. On the other hand, Burns & Bush (2006) viewed sample as “a subset of the population that suitably represents the entire group”. Sampling techniques are broadly categorized as non-probability and probability sampling. Non-probability sampling depends on the personal opinion of the researcher, whereas in probability sampling, every element of population has a fixed probability to being a part of the sample. Probability sampling techniques can be classified into various categories viz. Simple random sampling, Systematic sampling, Stratified sampling and Cluster sampling. Convenience sampling, Judgmental sampling, Quota sampling and Snowball sampling are commonly used non-probability sampling techniques.
Saunders, Lewis & Thornhill (2009) opined that the use of probability sampling is preferred to non-probability sampling in survey research. At the same time, Trochim (2000) advised that if undertaking probability sampling is not feasible or practical due to some constraint viz. lack of reliance sampling frame; non-probability sampling can also be undertaken. In the same line of thought, Patsiotis, Hughes & Webber (2012) recommended the use of non-probability sampling due to cost and time constraints, as well as the need for a workable response rate. In general, a probability sample is the representative of the population from which it is drawn (Reaves, 1992).

Systematic sampling, a probability sampling method was employed to identify the sample for the present research study. In systematic sampling, first unit of the sample is selected randomly with the help of a random number table, and the rest are selected automatically according to a pre-determined pattern (Srivastava & Rego, 2011).

4.9.1 Sampling Frame

In research study, a sampling frame is considered as a source material from which a sample can be drawn. It offers a list of all the elements within the population, who may be included in the sample considered for the research study.

In order to develop the sampling frame for the present research study, the list of two wheeler owners and four wheeler owners were obtained from the automobile firms (automobile dealers) based at Hyderabad. The sampling frame in this research study includes two wheeler owners and four wheeler owners who have purchased their vehicle during the FY 2011-12. Initially, the automobile dealers refused to give the details of their customers; after getting convinced that the data will be used purely for the research purpose, they agreed to share the details of their customers who purchased vehicle during FY 2011-12.

Originally, the sample frame had the details of 3250 vehicle owners; the number of two wheeler owners was 2000, whereas the number of four wheeler owners was 1250. In accordance with Srivastava & Rego (2011), first unit of the sample for both
the categories of two wheeler and four wheeler owners were selected randomly and subsequently with the sample interval of five, every fifth unit of the sample frame was selected. It was decided to collect data from the sample including 650 respondents identified with the help of systematic sampling. The survey was conducted at Hyderabad; “Hyderabad has been a cosmopolitan city attracting people from across the country” (Srivastava & Chand, 2011).

4.9.2 Response Rate

Response rate in survey is also known as return rate or completion rate and it refers to the number of respondents who complete the questionnaires divided by the total number of respondents in the sample. It is generally articulated in terms of a percentage.

In the present study 650 respondents were selected to participate in the survey and give their responses for various questions in the structured questionnaire developed for the purpose of data collection. Ultimately, with the healthy response rate of 78.46%, 510 questionnaires were found to be complete in all the aspects and considered for data analysis to draw conclusions for the research study.

4.9.3 Sample Size

Deciding upon the sample size is crucial aspect of a research design. Determining the appropriate sample size is a function of precision desired, confidence level desired and the population size (Kasunic, 2005). Precision is a measure that tells how close an estimate is to the actual characteristic of the population. Precision in the research study improve with the increase in the sample size (Kothari, 2004).

Roscoe (1975) proposed a simple thumb rule for selecting appropriate sample sizes based on an analysis of acceptable confidence levels in behavioral research studies. A sample size in the range of 30 to 500 is recommended for quantitative studies. Comrey & Lee (1992) offered a rating scale for selecting adequate sample size for the research studies that employ factor analysis: 100 = Poor, 200 = Fair, 300 =
Good, and $500 = Very Good. They advised researchers to obtain a sample size of 500 or more to carry out extensive data analysis.

The subject to variable ratio should by 5 or more. It means the sample size should be at least five times the number of variables considered in the research study (Bryant and Yarnold, 1995; Hair, Black, Babin, Anderson & Tatham, 2006)

The ultimate sample size considered in this research study is 510, and the owners of two wheelers and four wheelers at Hyderabad were considered as sampling units in the sample. At the time of data collection, due care was taken in administering structured questionnaire to avert bias from the view point of any specific demographic group. Respondents for the study were contacted at different automobile show rooms and service centers of various automobile companies located at Hyderabad.

4.10 Data Collection

The data collection in this study was undertaken in two stages: Pilot Study and Main Study. In this research study, Pilot study was carried out with an intention to collect data to test reliability and validity of the measurement instrument. The data collection for the main study here was undertaken in order to answer the research questions and to derive the conclusions for the research study. In both the stages, data was collected from the respondents through administrating structured questionnaire developed by the researcher. Data collection in this research study was undertaken via face to face interaction with the respondents selected for this research study.

4.10.1 Pilot Study

Pilot study was undertaken to validate the measurement instrument to be used and clarify the overall structure and approach of the research. Pilot study is deemed to be a miniature version of full scale research and often conducted on a limited scale to get an idea regarding feasibility of the study and appropriateness of the measurement scale. Suitability of the survey questions can also be tested and hypotheses
refinement can be undertaken on the basis of pilot study. Baker (1994) noted that a pilot study can also be employed as a pre-testing of a particular measurement scale developed for the study. Pretesting can be considered as an act of testing the questionnaire on a small sample of respondents with an intention of identifying and eliminating the potential problems (Malhotra & Dash, 2009). Problems related to form as well content of the instrument viz. misinterpreting statements, layout of statements/questions, and directions for completing the survey were rectified on the basis of feedback given by respondents. As a thumb rule, a questionnaire should not be administered for data collection without sufficient pretesting. With the intention of pre-testing of the measurement instrument, primary data were collected from 60 respondents through structured questionnaire in the present research study.

4.10.2 Main Study

In the second stage of data collection, the survey of respondents was undertaken and data for the research was collected by administering structured questionnaire. Respondents were given a structured Questionnaire containing 91 items in form of statements (22 for perceived service quality, 22 for actual service quality, 31 for relationship marketing and 16 for customer loyalty). All the items were measured by responses from respondents on a five-point likert scale in agreement of the statements, anchored by 1 = strongly disagree to 5 = strongly agree. The responses from respondents were taken directly by the researcher in person. The respondents were advised to give their responses against various statements on the basis of their experience with the single automobile firms. In the case, where respondents own more than one vehicle, they were asked to consider one of the vehicles while giving their response.

4.11 Data Analysis & Interpretations

Data analysis and interpretation deals with the transformation of raw data into credible and meaningful information in order to derive conclusions for the research study. Generally, the analysis of quantitative data is represented in mathematical/empirical terms and it need to be interpreted for the understanding of readers and easy referencing.
As the present research study is completely empirical in nature, it relies upon the use of such data analysis tools that ensure effective data analysis. In accordance with the data analysis strategy adopted by Ndubisi (2007); Gaurav (2008); Alrubaiiee & Al-Nazer (2010), the present research study has employed a two-step data analysis strategy to test various hypotheses developed in line with the research objectives. In the first stage, Exploratory Factor Analysis was conducted considering correlation coefficient matrix of each measurement item to identify the constructs for relationship marketing. In the second stage, multiple regression analysis was employed to comprehend the connection between the underpinnings of relationship marketing, perceived service quality dimensions and customer loyalty.

4.11.1 Descriptive Statistics

Statistics deals with the scientific methods to collect, organize, analyse and interpret the data in order to improve decision making. Research studies often emphasize two subdivisions of statistical method: inferential statistics and descriptive statistics. Contrary to inferential statistics that helps researcher draw the conclusions of the research study that extend beyond the immediate data; descriptive statistics just helps researcher comprehend the data as it describes what the data shows. Descriptive statistics are intended to summarize and present the data in a meaningful way so that the underlying information is effortlessly understood (Gaur & Gaur, 2006). Various descriptive statistics are employed to present the quantitative descriptions of the objects under consideration in a manageable form. A voluminous set of data can be summarized by a few numbers effectively and efficiently. Descriptive statistics deals with numerical as well as graphical techniques to summarise data in order to yield the primary information (Trochim, 2000). There are three basic characteristics of a single variable a researcher is interested to look at: the distribution, the measure of central tendency and the measure of dispersion (Subong & Beldia, 2005).

**Distribution:** the distribution of data can be understood as a summary of the frequency of individual values with respect to a selected variable. Frequency distribution is one of the most widely used approaches of describing a single
variable. With the help of frequency distribution table data is grouped into several
categories and presented along with the number of observations in each category.
The difference between the highest and lowest value in the distribution is known as
range.

**Measure of Central Tendency:** A measure of central tendency is a summary
measure that is intended to depict an entire set of data with a single value that
symbolizes the middle or centre of its distribution (Abs.gov.au, 2013). The measure
of central tendency often provides information about a representative value of the
data set. Mean, Median and Mode are the widely and commonly used measures of
central tendency (Gaur & Gaur, 2006). The 'mean' also known as arithmetic average
represents the sum of the values of a variable divided by the number of observations.
The 'median' is the central point in the distribution when the values in the
distribution are arranged in ascending or descending order. The 'mode' is the most
regularly occurring value in a distribution.

**Measure of Dispersion:** Measure of Dispersion is a statistical technique that is
intended to recapitulate the amount of spread or variation in the distribution of
values in a variable. The variability, in an observation, is often gauged as its
deviation from central value (Bhardwaj, 1999). Standard deviation, introduced by
Karl Pearson in 1893 is one of the most common measures of dispersion. Represent
by $\sigma$, standard deviation measures the amount of variation or dispersion from the
average. The standard deviation can also be understood as the 'average distance' of
observations from the arithmetic mean (Kohler & Kreuter, 2005). Square of standard
deviation is acknowledged as Variance.

In the present research study, Simple descriptive statistics were used to summarize
the sample characteristics and their ratings with respect to perceived service quality,
relationship marketing and customer loyalty. In line with Katiyal (2013), the
descriptive statistics were analyzed in the present research study.
4.11.2 Factor Analysis

Factor analysis (FA) refers to the process used for data reduction and summarization. In research study, there might be a large number of variables, most of them may be correlated and which must be condensed to a convenient level. Factor analysis is considered as an interdependence technique to examine interdependent relationship among variables considered for the study (Malhotra & Dash, 2009). An underlying dimension that elucidates the correlations amongst a set of variables is known as a ‘factor’.

There are two categories of factor analysis i.e. Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA). The exploratory factor analysis is intended to look at the underlying dimensions that could have caused correlations among the observed variables. The confirmatory factor analysis is employed to test whether the correlations among the observed variables are consistent with the hypothesized factor structure (Gaur & Gaur, 2006).

The decision to perform exploratory factor analysis would be taken on the basis of the result of Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and significant Bartlett’s Test of Sphericity. Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is an indicator used to ensure the aptness of the factor analysis. A KMO value of 0.9-1.0 is marvelous, 0.8-0.9 meritorious, 0.7-0.8 middling, 0.6-0.7 mediocre, 0.5-0.6 miserable and below 0.5 unacceptable (Schmidt & Hollensen, 2006). The Bartlett’s test of sphericity is a test statistic employed to test the null hypothesis that the correlation matrix is an identify matrix i.e. all diagonal elements are 1 and all off-diagonal elements are 0; implying that all of the variables are uncorrelated (Malhotra & Dash, 2009). The significant value of Bartlett’s test of sphericity encourages a researcher to reject the null hypothesis and conclude that there are correlations among variables that are appropriate for factor analysis.

There are two widely accepted methods of factor analysis i.e. Principal Component Analysis and Common Factor Analysis. The principal component analysis is based on total variance and it is suggested when the main intention behind the factor analysis is to determine minimum number of factors that accounts for maximum
variance in the data to be used in further multivariate analysis. The factors are also known as principal components. Common factor analysis, also known as principal axis factoring is based on common variance and it is recommended when the intention behind factor analysis is to identify the underlying dimensions and the common variance (Malhotra & Dash, 2009).

There are many ways to determine the number of factors. A priori determination, determination on the basis of Eigen values, determination on the basis of Scree plot, determination on the basis of percentage of variance, determination on the basis of split-half reliability and determination of the basis of significance tests are the procedures commonly used to determine number of factors in the factor analysis.

Even though the initial factor matrix shows the relationship between factor and individual variables, it rarely results into factors that can be inferred straightforwardly as the factors are correlated with many variables. Factor rotation is employed to transform the factor matrix that often facilitates interpretation of factors. Thurstone (1947) and Cattell (1978) advocated the rotation of factors because this process simplify the factor structure and make interpretation more reliable and straightforward.

Orthogonal rotation and Oblique rotation are two widely accepted ways of factor rotation. The rotation is referred as orthogonal rotation if the axes are maintained at right angles whereas in Oblique rotation the axes are not maintained at right angle and the factors are correlated. Orthogonal rotation offers factors that are uncorrelated but Oblique rotation results in correlated factors (Malhotra, 2007). There are several methods for orthogonal rotation viz. Varimax, quartimax, and equimax rotation. Varimax rotation which was developed by Kaiser in the year 1958 is undoubtedly the most popular method for factor rotation. Subsequent to varimax rotation, each variable is likely to be associated with one of the factors, and each factor corresponds to only small number of variables (Abdi, 2004).

In this present research study, Factor analysis was employed to identify the underlying constructs of relationship marketing. This research study relies upon exploratory factor analysis and Principal Component Analysis was used to
understand the total variance as well as minimum number of factors contributing maximum variance in the data. The number of factors was decided on the basis of Eigen values. An Eigen value symbolizes the amount of variance associated with the factor. As a thumb rule, Factors having eigen values greater than one are retained for interpretation and further analysis (Kaiser, 1960). In order to simplify the interpretation, factor rotation was employed. Varimax rotation was undertaken in order to transform the factor matrix to get uncorrelated factors with effortless interpretation.

4.11.3 Multiple Regression Analysis

Coined by Pearson in the year 1907, Multiple Regression Analysis (MRA) is a statistical technique that elucidates the empirical relationship between two or more independent variables and an interval - scaled dependent variable. The variable whose value is to be computed is referred as the dependent variable (Criterion variable) and the ones whose known values are used for compute are known independent variables (predictor variables).

Akin to other statistical techniques, multiple regression analysis relies upon several assumptions with respect to variables used in the analysis. Non attendance of these assumptions may establish unreliable outcomes, resulting in Type I or Type II error, or over/under estimation of significance or effect size (Osborne & Waters, 2002). Followings are the non-robust assumptions of multiple regression analysis and can be handled by researcher if violated;

- Multiple regression analysis believes that the variables are normally distributed. Variables following normal distribution may result into distorted relationship as well as significance test.

- Relationship between dependent variable and independent variables can be estimated accurately only if the relationships are linear in nature. Multiple regression analysis will underestimate the exact relationship between dependent and independent variables if the relationship between dependent variable and independent variables is not linear.
• Dependent variable as well as independent variables has been measured correctly. Any measurement error will cause the bias in the estimates. This is noteworthy when the goal of a research study is to perfectly model the relationship between variables.

• The variance of the error term is constant. This assumption is commonly known as 'Homoscedasticity' and it means that the variance around the regression line is the same for all values of the predictor variable.

• The error terms are uncorrelated. In simple words, the observations have been drawn autonomously.

It's always advisable to confirm that the multiple regression analysis undertaken in the research study meet assumptions to avoid Type I and Type II error in the analysis. At the same time, attending issues of low reliability, non-linearity and non-normality often boosts effect sizes and results into desirable outcome (Osborne & Waters, 2002; Malhotra, 2007).

4.11.3.1 Multiple Regression Equation

A multiple regression equation elucidates the statistical relationship between a dependent variable (Y) and two or more independent variables (X₁, X₂, ……… Xₖ). Following is a generic multiple regression equation:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \ldots \ldots + \beta_k X_k + \epsilon \]

Where,
Y represents dependent or criterion variable.
X₁, X₂, ………, Xₖ represents independent or predictor variable.
\( \beta_1, \beta_2, \ldots \ldots, \beta_k \) denotes regression coefficient (s) and it represents the change in dependent variable as a function of changes in independent variable. It is considered as the slope of the regression line.
The \( \alpha \) coefficient represents the intercept.
\( \epsilon \) represents the error term.
4.11.3.2 Statistics associated with Multiple Regression Analysis

The aptness of a multiple regression model can be confirmed with the help of F-test in the ANOVA table. A significant F value signifies a linear relationship between Y (dependent variable) and at least one of the X’s (independent variables).

The β’s are known as **partial regression coefficients** and signify the average change in the Y for a unit change in X, holding other X’s constant. The strength of association in multiple regression equation is computed with the help of **coefficient of multiple determination** (R²) i.e. the square of the multiple correlation coefficient.

R² is a statistic that reveals the goodness of fit of a multiple regression model and it tells how good the regression line estimates the real data points. Normally, the value of R² varies in between 0 to 1. If the multiple regression model fits the data extremely well the value of R² is likely to be very close to 1; the value of R² near to 0 symbolizes poor model fit.

The value of R² involuntarily & spuriously increases when extra independent variables are added to the multiple regression models. In order to take account of the same, **Adjusted R²** is being considered and it represents the adjustment undertaken for coefficient of multiple determination for the number of predictors (independents variables) and the sample size to account for diminishing return in the multiple regression models. Adjusted R² will always be lower than unadjusted R² as it penalizes for adding further independent variable(s) that do not belong in the multiple regression model.

The **F Test** is employed to test the following null hypothesis that the coefficient of multiple determination in case of population is zero (R²_population = 0). This is comparable with testing the null hypothesis H0 = β1 = β2 = β3 = βk = 0. The test statistic encompasses an F distribution with k and (n-k-1) degrees of freedom; where ‘n’ stands for sample size and ‘k’ symbolizes the number of predictor (independent) variables.
In the present research study, Multiple Regression Models were developed to investigate the impact of Relationship Marketing and Perceived Service Quality on Customer Loyalty. The model fit was evaluated with the help of R Square ($R^2$) also known as Coefficient of determination i.e. 1 minus the ratio of residual variability. The Beta ($\beta$) coefficients were analyzed in order to understand the strength and direction of relationship between multiple independent variables and dependent variable. In the present research study, Multiple Regression Analysis was performed using SPSS 20.0, a software package used for statistical analysis.

4.12 Limitations of the Study

No study is free from limitations and this study was no exception. Undoubtedly, all the precautions were taken to employ adequate research design and well refined statistical procedures in the research study. While undertaking this research study, researcher came across various limitations that confine the generalizability of this research study.

- The one of the most evident limitations of the present research study is its cross-sectional research design. Cross sectional studies are descriptive in nature and often involve understanding population characteristics by measuring different variables of interest at a distinct point in time. The cross sectional research design is intended to offer a ‘snapshot’ of the outcome and different characteristics allied with it at a specific point of time. In view of the fact that the population characteristics changes over a period of time cross sectional study is not able to track the changes that take place in due course.

- The findings of the study are based on the data collected from respondents through the use of structured questionnaire. Couper (2000) noted that “not all people included in the sample are willing or able to complete the survey”. In the course of this research study too, researcher came across many respondents who did not take interest to participate in the survey. There is possibility of drop error and go error in this research study. The respondents willing as well as able to give authentic response might not be included in
the sample of the study leading to drop error. At the same time, the respondents unwilling to participate as well as unable to give authentic response might be included in the sample of the study leading to the go error.

- Avoiding bias in the data collection is very critical to the success in quantitative research. There is possibility of response bias in this study which may influence the findings of this research study. Response bias is a general expression used to denote broad range of cognitive biases that influence the respondents to reply in a way that is away from an accurate or honest response. Although enough precautions were taken to get unbiased response from the respondents; in opinion survey like this, there is always scope for individual prejudice. Due to human nature the possibility of biased response of respondents can't be completely ruled out.

- Attaining an appropriate sample size is very critical to the quantitative research. A large sample size is deemed to be more representative of the population and limit the effect of outliers. The sample size considered in the present study is comprised of 510 owners of vehicles (either two-wheeler or four-wheeler). Although due care has been taken to get a representative part of population, the sample considered for the study is a very small fraction of the entire population having two wheelers and four wheelers. For that reason, research study with a much larger sample size would be apt in order to generalize the findings of the research study.

- The present research study relies on the data collected only from the respondents residing at Hyderabad. Due to its cosmopolitan nature, it's uncomplicated for researcher to get respondents who belong to different parts of the country at one place. A sample that is deemed to be the representative of the population is more appropriate to derive findings in the research study. Although precautions were taken to have unbiased demographic and geographic representation; replication of the same study across different geographic locations in the country would improve the findings and generalizability of the research study.

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4.13 Concluding Remarks

This chapter presented the research methodology as well as research design chosen for this research study along with the rationale behind its selection. The research objectives as well as research hypotheses have been presented here. The sampling design as well as plan for data collection has been discussed in detail. The selection of variables and development of measurement instrument is presented in a logical way. The strategy for data analysis was discussed in detail in order to test hypotheses and draw conclusions for this research study. Finally, limitation of the present research study were highlighted with an expectation that the readers of the thesis will hold these limitations in their mind and future study would attempt to minimize these limitations.
Chapter 5: Data Analysis & Interpretation

5.0 Introduction
5.1 Outline of Data analysis & Interpretation
5.2 Data Analysis: First Part
5.3 Data Analysis: Second Part
5.4 Concluding Remarks
CHAPTER 5

DATA ANALYSIS & INTERPRETATION

5.0 Introduction

Data analysis and interpretation is central to the research study as it deals with the transformation of raw data collected from respondents into credible and meaningful information to draw conclusions for the research study. The analysis of quantitative data is represented in empirical terms and it need to be interpreted for the understanding of readers and easy referencing. This chapter is intended to present data analysis and interpretation in line with the research design developed for this research study. Responses collected from the respondents were coded, tabulated, cleaned and analyzed with the help of statistical software called SPSS 20.0. Both simple as well as advanced statistical tools have been employed to undertake data analysis in an effective manner.

5.1 Outline of Data Analysis & Interpretation

No research study would be completed merely by collecting the data; in fact data analysis and interpretation constitutes the crux of the research study. Data analysis and interpretation is the procedure of assigning meaning to the data collected for the research study in order to determine the conclusions, significance and practical implication of the research study. In all kind of research studies, data collection is followed by data analysis and interpretation. After collecting relevant data from various reliable sources, data should be prepared and analyzed with the help of relevant tools and techniques in order to draw the conclusions for the study. This chapter presents data analysis of the primary data collected from the respondents through administering structured questionnaires. Yaghi (2010) noted that data analysis comes after the data have been collected and it really makes sense of the research study in order to draw conclusions. The effective data analysis often help researcher to appreciate the observable facts and figures from multiple angles in order to add into existing body of knowledge. In this study, data analysis has been
carried out using various statistical tools such as descriptive analysis, reliability analysis, exploratory factor analysis and multiple regression analysis.

Table 5.1: Respondents Profile – Pilot Study

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>57</td>
<td>95.0</td>
</tr>
<tr>
<td>Female</td>
<td>3</td>
<td>5.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 21 years</td>
<td>5</td>
<td>8.3</td>
</tr>
<tr>
<td>In between 21 – 30 years</td>
<td>39</td>
<td>65.0</td>
</tr>
<tr>
<td>In between 31 – 40 years</td>
<td>8</td>
<td>13.3</td>
</tr>
<tr>
<td>In between 41 – 50 years</td>
<td>5</td>
<td>8.3</td>
</tr>
<tr>
<td>In between 51 – 60 years</td>
<td>3</td>
<td>5.0</td>
</tr>
<tr>
<td>Above 60 years</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>14</td>
<td>23.3</td>
</tr>
<tr>
<td>Graduate</td>
<td>25</td>
<td>41.7</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>21</td>
<td>35.0</td>
</tr>
<tr>
<td>Doctorate</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student</td>
<td>32</td>
<td>53.3</td>
</tr>
<tr>
<td>Self employed</td>
<td>10</td>
<td>16.7</td>
</tr>
<tr>
<td>Employed in Public Sector</td>
<td>7</td>
<td>11.7</td>
</tr>
<tr>
<td>Employed in Private Sector</td>
<td>8</td>
<td>13.3</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>5.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly Income</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below Rs.25000</td>
<td>41</td>
<td>68.3</td>
</tr>
<tr>
<td>Rs.25001–50000</td>
<td>12</td>
<td>20.0</td>
</tr>
<tr>
<td>Rs.50001–75,000</td>
<td>4</td>
<td>6.7</td>
</tr>
<tr>
<td>More than Rs.75,000</td>
<td>3</td>
<td>5.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Vehicle</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two Wheeler</td>
<td>36</td>
<td>60.0</td>
</tr>
<tr>
<td>Four Wheeler</td>
<td>24</td>
<td>40.0</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Developed by the Researcher

Data analysis & Interpretation is often considered to be vital and heart of the research in all kind of research study. The data analysis in this research study was undertaken in two parts. First part of the data analysis is intended to understand the reliability of the scale used for the purpose of collecting data from respondents for the research study. In order to appreciate the reliability of the scale, data analysis has
relied upon the data collected in pilot study where the structured questionnaires were administered to 60 respondents (Refer Table 5.1).

Table 5.2: Respondents Profile – Main Study

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>464</td>
<td>91.0</td>
</tr>
<tr>
<td>Female</td>
<td>46</td>
<td>9.0</td>
</tr>
<tr>
<td>Total</td>
<td>510</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 21 years</td>
<td>46</td>
<td>9.0</td>
</tr>
<tr>
<td>In between 21 – 30 years</td>
<td>246</td>
<td>48.2</td>
</tr>
<tr>
<td>In between 31 – 40 years</td>
<td>99</td>
<td>19.4</td>
</tr>
<tr>
<td>In between 41 – 50 years</td>
<td>66</td>
<td>12.9</td>
</tr>
<tr>
<td>In between 51 – 60 years</td>
<td>35</td>
<td>6.9</td>
</tr>
<tr>
<td>Above 60 years</td>
<td>18</td>
<td>3.5</td>
</tr>
<tr>
<td>Total</td>
<td>510</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>115</td>
<td>22.5</td>
</tr>
<tr>
<td>Graduate</td>
<td>231</td>
<td>45.3</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>144</td>
<td>28.2</td>
</tr>
<tr>
<td>Doctorate</td>
<td>3</td>
<td>0.6</td>
</tr>
<tr>
<td>Others</td>
<td>17</td>
<td>3.3</td>
</tr>
<tr>
<td>Total</td>
<td>115</td>
<td>22.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student</td>
<td>137</td>
<td>26.9</td>
</tr>
<tr>
<td>Self Employed</td>
<td>140</td>
<td>27.5</td>
</tr>
<tr>
<td>Employed in Public Sector</td>
<td>47</td>
<td>9.2</td>
</tr>
<tr>
<td>Employed in Private Sector</td>
<td>158</td>
<td>31.0</td>
</tr>
<tr>
<td>Others</td>
<td>28</td>
<td>5.5</td>
</tr>
<tr>
<td>Total</td>
<td>510</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly Income</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below Rs.25000</td>
<td>294</td>
<td>57.6</td>
</tr>
<tr>
<td>Rs.25001–50000</td>
<td>142</td>
<td>27.8</td>
</tr>
<tr>
<td>Rs.50001–75,000</td>
<td>39</td>
<td>7.6</td>
</tr>
<tr>
<td>More than Rs.75,000</td>
<td>35</td>
<td>6.9</td>
</tr>
<tr>
<td>Total</td>
<td>510</td>
<td>100.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Vehicle</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two Wheeler</td>
<td>325</td>
<td>63.7</td>
</tr>
<tr>
<td>Four Wheeler</td>
<td>185</td>
<td>36.3</td>
</tr>
<tr>
<td>Total</td>
<td>510</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Developed by the Researcher

The second part of the data analysis has been carried out on the data collected from 510 respondents (Refer Table 5.2) who constituted the sample of the study. For the final data analysis, two-step data analysis strategy was adopted. Exploratory factor analysis was conducted to discover the constructs of relationship marketing in the first step of data analysis. Subsequently, multiple regression analysis was employed.
in order to understand the impact of relationship marketing and perceived service quality on customer loyalty.

5.2 Data Analysis: First Part

This part of the data analysis is intended to realize the reliability of the scale used for the data collection in the course of research study. This part of the data analysis considers the data collected from 60 respondents during the pilot study in order to present the reliability analysis of the measurement instrument.

5.2.1 Reliability Analysis

Reliability refers to the consistency and stability in the results of a test or scale. Krishnaswamy, Sivakumar & Mathirajan (2006) stated that "The reliability of a measure indicates the stability and consistency with which the instrument measures the concept and helps to assess the 'goodness' of the measure". One of the main source of inconsistency in the test results random measurement error attributed by an unreliable measurement instrument. The measurement error can be diminished if the measurement has been undertaken with the help of a reliable measurement instrument.

A reliable instrument is expected to be robust and it works effectively under different conditions and at different times. Reliability can be described as the extent to which measures are free from random error, $X_R$. The measure can be called perfectly reliable, if $X_R = 0$. Cronbach's (1951) $\alpha$ (alpha) is a coefficient of internal consistency and often used as an estimate of reliability of a measurement scale. Coefficient alpha (Cronbach, 1951) has emerged as one of the most vital and pervasive statistics in research study involving test construction and use (Cortina, 1993). The value of this coefficient ranges in between 0 to 1. Although a measurement scale with Cronbach's alpha value of 0.6 and beyond is deemed to have satisfactory internal consistency reliability; Nunnally (1978) believed that the measurement scale should have Cronbach's alpha value of 0.70 or more to be claimed as a reliable measurement instrument.
In this research study, reliability analysis was undertaken to ensure that the measurement instrument i.e. the questionnaire employed in this research study is a reliable instrument. The questionnaire in this research study contains three broad sections. The first section is intended to capture the perceived service quality assessment of respondents with respect to automobile service they receive. The second section contains statements to find out customers’ orientation towards relationship marketing imperatives. The third section is dedicated to represent the conviction of respondents towards customer loyalty, one of the most critical goals of business across the industry. Here, reliability analysis was undertaken separately for perceived service quality, relationship marketing and customer loyalty.

5.2.1.1 Reliability Analysis for Perceived Service Quality

Ndubisi (2006) advocated that the research instrument should be tested by reliability analysis. For estimating the reliability for measurement instrument of service quality, Cronbach’s Alpha values were computed to determine both of exceptions and perceptions with respect of automobile service availed by customers (Aydin & Yildirim, 2012).

The Cronbach’s alpha value for expectation related items was 0.914 and the Cronbach’s alpha value for perception related items was 0.945 (Refer Table 5.3). The internal consistency of both expectations and perceptions were analyzed with the help of Cronbach’s Alpha and the results were satisfactory. It can be said that the internal consistency of both the aspects of service quality i.e. expectations and perceptions were found to be adequate.

Table 5.3: Reliability Statistics of Expectations and Perceptions of Service Quality Measurement

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cronbach’s Alpha</th>
<th>N</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expectations related items in Service Quality Measurement</td>
<td>0.914</td>
<td>60</td>
<td>22</td>
</tr>
<tr>
<td>Perceptions related items in Service Quality Measurement</td>
<td>0.945</td>
<td>60</td>
<td>22</td>
</tr>
</tbody>
</table>

Source: Developed by the Researcher
Cronbach's alpha value for all five dimensions of perceived service quality was computed for both expectations and perceptions. With reference to the expectations aspect of service quality measurement, Cronbach's alpha value was found to be 0.897 for Tangibles, 0.664 for Reliability, 0.723 for Responsiveness, 0.661 for Assurance, and 0.737 for Empathy. Relating to the perceptions side of service quality measurement, Cronbach’s alpha value was found to be 0.792 for Tangibles, 0.780 for Reliability, 0.754 for Responsiveness, 0.833 for Assurance, and 0.865 for Empathy (Refer Table 5.4).

Table 5.4: Reliability Statistics of Service Quality Dimensions

<table>
<thead>
<tr>
<th>Service Quality Dimensions</th>
<th>Cronbach's Alpha (Expectation)</th>
<th>Cronbach's Alpha (Perception)</th>
<th>N</th>
<th>N of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>0.897</td>
<td>0.792</td>
<td>60</td>
<td>4</td>
</tr>
<tr>
<td>Reliability</td>
<td>0.664</td>
<td>0.780</td>
<td>60</td>
<td>5</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>0.723</td>
<td>0.754</td>
<td>60</td>
<td>4</td>
</tr>
<tr>
<td>Assurance</td>
<td>0.661</td>
<td>0.833</td>
<td>60</td>
<td>4</td>
</tr>
<tr>
<td>Empathy</td>
<td>0.737</td>
<td>0.865</td>
<td>60</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Developed by the Researcher

On the basis of the reliability statistics undertaken to ensure the reliability of service quality measurement instrument, it is very much evident that the overall service quality measurement instrument as well as various dimensions of perceived service quality possesses satisfactory level of internal consistency. Subsequently, it was decided to utilize this service quality measurement instrument to assess perceived service quality in this research study.

5.2.1.2 Reliability Analysis for the Constructs of Relationship Marketing

In order to ensure the reliability for the measurement instrument of relationship marketing, internal consistency was computed with the help of Cronbach's Alpha value in line with the reliability analysis undertaken by Yau et al. (2000); Sin, Tse, Heung & Yim (2005).

Table 5.5: Reliability Statistics of the constructs of Relationship Marketing

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cronbach's Alpha</th>
<th>N</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constructs of Relationship Marketing</td>
<td>0.950</td>
<td>60</td>
<td>31</td>
</tr>
</tbody>
</table>

Source: Developed by the Researcher
The scale developed for the research study successfully met standards for internal reliability. The reliability of the 31-item scale developed to understand relationship marketing orientation was found to be satisfactory as Cronbach's alpha value was 0.950 (Refer Table 5.5).

5.2.1.3 Reliability Analysis for Customer Loyalty

Cronbach's Alpha value was computed to estimate the internal consistency of customer loyalty dimensions.

Table 5.6: Reliability Statistics of the customer loyalty dimensions

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cronbach's Alpha</th>
<th>N</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimensions of Customer Loyalty</td>
<td>0.929</td>
<td>60</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: Developed by the Researcher

This customer loyalty scale takes account of 16 items identified to measure customer loyalty. Cronbach's alpha value was found to be 0.929 for this scale and it effectively met the internal reliability criteria (Refer Table 5.6).

A cronbach's alpha measure of reliability for each set of scale indicators have proved that the constructs being identified to measure perceived service quality, relationship marketing orientations, and customer loyalty are reliable and internally consistent as their alpha values are greater than the suggested criterion value of 0.6.

5.3 Data Analysis: Second Part

This part of the data analysis is intended to identify various constructs of relationship marketing in context of Indian automobile industry. At the same time, attempts were made to appreciate the impact of relationship marketing and perceived service quality on customer loyalty in Indian Automobile Industry.

For the above mentioned purposes, a two-step data analysis strategy was adopted. In first step, Exploratory Factor Analysis was conducted to identify the constructs for relationship marketing. In the second step, multiple regression analysis was
employed to comprehend the connection between the underpinnings of relationship marketing, perceived service quality dimensions and customer loyalty.

In addition to exploratory factor analysis and multiple regression analysis, reliability analysis as well as descriptive analysis is also presented along with the sample profile considered for main study. This part of the data analysis considers the data collected from the main study in order to identify the constructs for relationship marketing and to understand the impact of relationship marketing and perceived service quality on customer loyalty.

5.3.1 Exploratory Factor Analysis

Exploratory Factor Analysis (EFA) is a statistical method for finding out the underlying structure of a relatively large set of variables. Exploratory Factor Analysis is a technique within factor analysis that is intended to discover the underlying relationship between measured variables. There are many reasons behind the growing use of factor analysis in the domain of social science research viz. to develop a scale to measure an underlying construct, to reduce the number of variables to a manageable size, and to have an improved understanding of the variables. Factor analysis is a statistical procedure that involves finding a way of condensing information enclosed in a number of original variables into factors (smaller set of dimensions) with a slightest loss of information (Hair, Anderson, Tatham & Black, 1992). In this data reduction technique, researcher makes no "a priori" assumption with respect to the interrelationship among items under study. Interrelationship is being developed on the basis of pattern of correlations within a set of observed variables. For this study, Exploratory Factor Analysis was employed to extract the underlying factors of relationship marketing.

The decision to perform exploratory factor analysis has been taken on the basis of the result of Kaiser–Meyer–Olkin (KMO) Measure of Sampling Adequacy and Bartlett’s Test of Sphericity (Refer Table 5.7). The Kaiser–Meyer–Olkin (KMO) value of 0.959 strongly supports the appropriateness of factor analysis in this research study. On the basis of highly significant Bartlett’s Test of Sphericity the null hypothesis that “the variables are uncorrelated; correlation matrix is an identity
matrix" was rejected and concluded that there are correlations among variables that are appropriate for factor analysis. Both the Kaiser–Meyer–Olkin (KMO) Measure of Sampling Adequacy and significant Bartlett’s Test of Sphericity strongly recommended the use of factor analysis in order to extract various constructs of relationship marketing in automobile industry in India.

Table 5.7: Result of KMO Measure of Sampling Adequacy & Bartlett’s Test of Sphericity

<table>
<thead>
<tr>
<th>Kaiser–Meyer–Olkin Measure of Sampling Adequacy</th>
<th>.959</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartlett’s Test of Sphericity</td>
<td></td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
<td>7975.072</td>
</tr>
<tr>
<td>df</td>
<td>465</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Developed by the Researcher

It's very difficult to interpret unrotated factor loading regardless of the methods of extraction used in the factor analysis. Factor rotation helps in receiving a relatively uncomplicated structure of factor loadings by capitalizing on high correlations and minimizing low ones. At the same time, Thurstone (1947) and Cattell (1978) advocated the use of rotation as it simplifies factor structure and make interpretation simple and reliable. In this research study, Exploratory Factor Analysis was conducted using SPSS 20.0, a software package used for statistical analysis. Principle Component Analysis along with Varimax rotation was employed to identify the underlying factors for relationship marketing and factor loading of 0.30 or above on the items was taken into consideration. Exploratory factor analysis considered all the 31 items related to relationship marketing.

In case of Factor Analysis, Commonalities are very vital as the actual computation of how communalities are derived defines the different approaches to factor analysis. Commonalities represent the amount of variance accounted for a specific variable by all the factors. Precisely, communality can be understood as the sum of squared loading for a variable across the factors (Gaur & Gaur, 2006). Higher value of community for a specific variable post extraction represents higher amount of variance explicited by the extracted factors.
Initial communalities are estimates of the variance in each variable accounted for by all components or factors. Extraction communalities are estimates of the variance in each variable accounted for by the factors in the factor solution. The value of communalities range between 0 to 1, where 0 indicates that the common factors don’t explain any variance of that specific variable, and 1 indicates that all the variance of the variable is elucidated by the common factors (Zillmer & Vuz, 1995). While the number of variables considered for factor analysis is less than 40 and if the criterion is to retain the factors with Eigen value more than one, the communalities of variables should be greater than 0.40 (Wu, Shu & Shiao, 2007).

In this factor analysis, the communalities of all the variables considered for factor analysis is more than 0.40 (Refer Table 5.8). It can be interpreted that all the variables considered for factor analysis are vital and significant amount of variance is being explained by extracted factors.

**Table 5.8: Communalities for Items Related With Relationship Marketing**

<table>
<thead>
<tr>
<th>Communalities</th>
<th>Initial</th>
<th>Extraction</th>
</tr>
</thead>
<tbody>
<tr>
<td>The firm (automobile company/dealer/service centre) is trust worthy.</td>
<td>1.000</td>
<td>.669</td>
</tr>
<tr>
<td>The promises made by the firm (automobile company/dealer/service centre) are highly reliable.</td>
<td>1.000</td>
<td>.687</td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) provides accurate information.</td>
<td>1.000</td>
<td>.587</td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) provides information on time.</td>
<td>1.000</td>
<td>.543</td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) openly discusses problems whenever arise in order to offer a solution.</td>
<td>1.000</td>
<td>.548</td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) always tries to solve conflicts before they create problems.</td>
<td>1.000</td>
<td>.649</td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) always tries to avoid potential conflict.</td>
<td>1.000</td>
<td>.449</td>
</tr>
<tr>
<td>I have full confidence in the products and services offered by the firm (automobile company/dealer/service centre).</td>
<td>1.000</td>
<td>.515</td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) provides quick information when there is a new product/service on offer.</td>
<td>1.000</td>
<td>.407</td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) is flexible in serving my needs related to automobile services.</td>
<td>1.000</td>
<td>.551</td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) offer customized/personalized products/services to meet customers’ requirement.</td>
<td>1.000</td>
<td>.481</td>
</tr>
<tr>
<td>My relationship with the firm (automobile company/dealer/service centre) fulfills all my expectations.</td>
<td>1.000</td>
<td>.485</td>
</tr>
<tr>
<td>Statement</td>
<td>Factor Loadings</td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>-----------------</td>
<td></td>
</tr>
<tr>
<td>My relationship with this firm (automobile company/dealer/service centre) is pleasurable and remarkable.</td>
<td>1.000 .413</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) shows high degree of professionalism in the relationship.</td>
<td>1.000 .545</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) always meets my objectives.</td>
<td>1.000 .509</td>
<td></td>
</tr>
<tr>
<td>The employees of the firm (automobile company/dealer/service centre) always show respect to me.</td>
<td>1.000 .584</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) is committed to its customers.</td>
<td>1.000 .562</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) puts maximum effort to maintain long term relationship with the customers.</td>
<td>1.000 .572</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) values and uses customer feedback regarding its products and services.</td>
<td>1.000 .572</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) provides products/services that are highly appealing to its customers.</td>
<td>1.000 .479</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) is prepared to listen customer complaints.</td>
<td>1.000 .554</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) is flexible enough to accommodate my request if any.</td>
<td>1.000 .592</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) sends mail/calls me at different occasions.</td>
<td>1.000 .626</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) demonstrates high level of integrity while dealing with customers.</td>
<td>1.000 .465</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) shows sincere interest in solving customers' problem on time.</td>
<td>1.000 .572</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) always helps me identify products/services that suit me best.</td>
<td>1.000 .502</td>
<td></td>
</tr>
<tr>
<td>The employees of the firm (automobile company/dealer/service centre) treat customers in a very friendly manner.</td>
<td>1.000 .576</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) tries hard to understand customers' needs constantly.</td>
<td>1.000 .523</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) has high reputation/goodwill in the market.</td>
<td>1.000 .565</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) works in close cooperation with customers.</td>
<td>1.000 .520</td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) is eager to develop good rapport with its customers.</td>
<td>1.000 .437</td>
<td></td>
</tr>
</tbody>
</table>

*Extraction Method: Principal Component Analysis.*

Source: Developed by the Researcher

Factor analysis generates factor loadings for all grouping of extracted factors and underlying variables. Factor loading represents the weight as well as correlation between each variable and the extracted factor. Analysis of Factor loadings help in comprehending the association between the underlying variables and the extracted factors. "The higher the factor loading, the more likely is that the factor underlies
that variable” (Gaur & Gaur, 2006). In this factor analysis, Factor loadings were analyzed in interpreted in order to describe a factor (Refer Table 5.9).

<table>
<thead>
<tr>
<th>Factor</th>
<th>Items</th>
<th>Factor Loading</th>
<th>Variance Explained (Percentage)</th>
<th>Reliability (Cronbach’s Alpha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The firm (automobile company/dealer/service centre) values and uses customer feedback regarding its products and services.</td>
<td>.617</td>
<td></td>
<td>0.884</td>
</tr>
<tr>
<td></td>
<td>The firm (automobile company/dealer/service centre) provides products/services that are highly appealing to its customers.</td>
<td>.449</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The firm (automobile company/dealer/service centre) is prepared to listen customer complaints.</td>
<td>.652</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The firm (automobile company/dealer/service centre) is flexible enough to accommodate my request if any.</td>
<td>.651</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The firm (automobile company/dealer/service centre) sends mail/ calls me at different occasions.</td>
<td>.536</td>
<td>41.964</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The firm (automobile company/dealer/service centre) demonstrates high level of integrity while dealing with customers.</td>
<td>.511</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The firm (automobile company/dealer/service centre) shows sincere interest in solving customers’ problem on time.</td>
<td>.548</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The firm (automobile company/dealer/service centre) always helps me indentify products/services that suit me best.</td>
<td>.478</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The employees of the firm (automobile company/dealer/service centre) treat customers in a very friendly manner.</td>
<td>.594</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The firm (automobile company/dealer/service centre) is eager to develop good rapport with its customers.</td>
<td>.372</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The firm (automobile company/dealer/service centre) is flexible in serving my needs related to automobile services.</td>
<td>.668</td>
<td>4.765</td>
<td>0.858</td>
</tr>
<tr>
<td></td>
<td>My relationship with the firm (automobile company/dealer/service centre) fulfills all my expectations.</td>
<td>.551</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item</td>
<td>Score</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My relationship with this firm (automobile company/dealer/service centre) is pleasurable and remarkable.</td>
<td>.388</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) shows high degree of professionalism in the relationship.</td>
<td>.668</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) always meets my objectives.</td>
<td>.479</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) is committed to its customers.</td>
<td>.501</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) tries hard to understand customers' needs constantly.</td>
<td>.613</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) works in close cooperation with customers.</td>
<td>.564</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) is trust worthy.</td>
<td>.741</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The promises made by the firm (automobile company/dealer/service centre) are highly reliable.</td>
<td>.668</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) provides accurate information.</td>
<td>.541</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) provides information on time.</td>
<td>.501</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have full confidence in the products and services offered by the firm (automobile company/dealer/service centre).</td>
<td>.471</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The employees of the firm (automobile company/dealer/service centre) always show respect to me.</td>
<td>.536</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) puts maximum effort to maintain long term relationship with the customers.</td>
<td>.517</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) has high reputation/ goodwill in the market.</td>
<td>.597</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre) openly discusses problems whenever arise in order to offer a solution.</td>
<td>.591</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The firm (automobile company/dealer/service centre)</td>
<td>.739</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
always tries to solve conflicts before they create problems.

The firm (automobile company/dealer/service centre) always tries to avoid potential conflict.  .562

The firm (automobile company/dealer/service centre) provides quick information when there is a new product/service on offer.  .441

The firm (automobile company/dealer/service centre) offer customized/personalized products/services to meet customers’ requirement.  .521

Total Variance Explained (Percentage)  53.992

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.a
a. Rotation converged in 25 iterations.

Source: Developed by the Researcher

Eigen values are often utilized to decide the number of factors in the factor analysis after extraction and it represents the amount of variance in the data explained by a particular factor. In this research study, only the factors with Eigen values greater than 1 were retained, and only the items with communalities greater than 0.40 were considered in factor analysis in line with Kaiser’s (1974) criteria (Roumeliotis & Maria, 2014). Eigen value indicates the importance of factor and it symbolizes factor’s ability to explain variance (Schmidt & Hollensen, 2006).

In line with Kaiser (1960), the factors were identified after computing the Eigen value for the correlation matrix and number of factors were determined and retained on the basis of factors having Eigen Value greater than one. With the help of exploratory factor analysis four factors encompassing thirty one variables, all having Eigen values of one or above were extracted. A factor should explain at least as much of the variance if not more, than a lone original variable. With the help of exploratory factor analysis, four factors were extracted and in unison all the four factors explain 53.992 percent of variance (Refer Table 5.10). The very first factor extracted with the help of factor analysis has the Eigen value of 13.009 and it explained maximum amount of variance in the data. The other three factors were also retained with its Eigen value of 1.477, 1.185, and 1.067 (Refer Table 5.11).
Table 5.10: Total Variance Explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>1</td>
<td>13.009</td>
<td>41.964</td>
</tr>
<tr>
<td>2</td>
<td>1.477</td>
<td>4.765</td>
</tr>
<tr>
<td>3</td>
<td>1.185</td>
<td>3.821</td>
</tr>
<tr>
<td>4</td>
<td>1.067</td>
<td>3.442</td>
</tr>
<tr>
<td>5</td>
<td>.948</td>
<td>3.057</td>
</tr>
<tr>
<td>6</td>
<td>.930</td>
<td>3.002</td>
</tr>
<tr>
<td>7</td>
<td>.908</td>
<td>2.928</td>
</tr>
<tr>
<td>8</td>
<td>.808</td>
<td>2.607</td>
</tr>
<tr>
<td>9</td>
<td>.756</td>
<td>2.438</td>
</tr>
<tr>
<td>10</td>
<td>.686</td>
<td>2.212</td>
</tr>
<tr>
<td>11</td>
<td>.648</td>
<td>2.091</td>
</tr>
<tr>
<td>12</td>
<td>.630</td>
<td>2.032</td>
</tr>
<tr>
<td>13</td>
<td>.595</td>
<td>1.918</td>
</tr>
<tr>
<td>14</td>
<td>.574</td>
<td>1.851</td>
</tr>
<tr>
<td>15</td>
<td>.554</td>
<td>1.787</td>
</tr>
<tr>
<td>16</td>
<td>.531</td>
<td>1.714</td>
</tr>
<tr>
<td>17</td>
<td>.522</td>
<td>1.683</td>
</tr>
<tr>
<td>18</td>
<td>.507</td>
<td>1.636</td>
</tr>
<tr>
<td>19</td>
<td>.474</td>
<td>1.530</td>
</tr>
<tr>
<td>20</td>
<td>.461</td>
<td>1.488</td>
</tr>
<tr>
<td>21</td>
<td>.439</td>
<td>1.418</td>
</tr>
<tr>
<td>22</td>
<td>.402</td>
<td>1.298</td>
</tr>
<tr>
<td>23</td>
<td>.393</td>
<td>1.269</td>
</tr>
<tr>
<td>24</td>
<td>.377</td>
<td>1.215</td>
</tr>
<tr>
<td>25</td>
<td>.356</td>
<td>1.148</td>
</tr>
<tr>
<td>26</td>
<td>.341</td>
<td>1.100</td>
</tr>
<tr>
<td>27</td>
<td>.316</td>
<td>1.020</td>
</tr>
<tr>
<td>28</td>
<td>.304</td>
<td>.980</td>
</tr>
<tr>
<td>29</td>
<td>.300</td>
<td>.968</td>
</tr>
<tr>
<td>30</td>
<td>.276</td>
<td>.892</td>
</tr>
<tr>
<td>31</td>
<td>.225</td>
<td>.727</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

Source: Developed by the Researcher
5.11: Eigen Value and Reliability of Factors

<table>
<thead>
<tr>
<th>S No.</th>
<th>Factor Name</th>
<th>Eigen Value</th>
<th>Variance Explained (Percentage)</th>
<th>Reliability (Cronbach's Alpha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1</td>
<td>Customer Centricity</td>
<td>13.009</td>
<td>41.964</td>
<td>0.884</td>
</tr>
<tr>
<td>Factor 2</td>
<td>Commitment</td>
<td>1.477</td>
<td>4.765</td>
<td>0.858</td>
</tr>
<tr>
<td>Factor 3</td>
<td>Trust</td>
<td>1.185</td>
<td>3.821</td>
<td>0.876</td>
</tr>
<tr>
<td>Factor 4</td>
<td>Communication</td>
<td>1.067</td>
<td>3.442</td>
<td>0.784</td>
</tr>
<tr>
<td>Total Variance Explained</td>
<td></td>
<td></td>
<td><strong>53.992</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Developed by the Researcher

With the help of Exploratory Factor Analysis, following four independent set of underlying factors associated with relationship marketing was extracted and described for further analysis;

**Customer Centricity**

Factor analysis revealed that ‘Customer Centricity’ is the most important aspect of relationship marketing for customers of Indian Automobile Industry. 10 out of 31 items loading on this factor relate to different aspects of customer centricity dimension of relationship marketing. Customer Centricity had the greater significance among all the constructs of relationship marketing, according to the results of the factor analysis, with 41.964 percentage of the total variance. At the same time, this factor was also found extremely reliable with Cronbach's Alpha value 0.884. Customer Centricity deals with the placement of the customer at the center of everything a firm does. It’s all about doing everything with the customer in the mind. In today’s aggressive business environment, customer centricity is not aspirational – it's essential (Gavan, 2012) and it advocates for designing and delivering products and services from the customer’s perspective.

**Commitment**

The factor that was second in significance was named as ‘Commitment’. It explained 4.765 percentage of the total variance and it includes 8 out of 31 items that are related to commitment a firm shows towards fulfillment of customers’ needs and wants. As far as reliability of this factor is concerned, with Cronbach's Alpha value of 0.858 this factor was found to be highly reliable. Parasuraman, Zeithaml &
Berry (1991) stated that "relationships are built on the foundation of mutual commitment". Commitment has been defined by Moorman, Zaltman & Deshpande (1992) as "an enduring desire to maintain a valued relationship".

**Trust**

The items loading on this factor relate to Trust as well as reliability dimensions automobile firm exhibits while dealing with its customers. 8 out of 31 items are loading on this factor and this factor accounts for 3.821 percentage of variance. This factor is named as 'Trust' and was found highly reliable with Cronbach's Alpha value 0.876. Morgan and Hunt (1994) opined that the 'trust' is one of the most a vital element of relationships. Trust can be understood as "the willingness of the party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trust or, irrespective of the ability to monitor or control that other party" (Mayer, Davis & Schoorman, 1995).

**Communication**

While the first three factors relate to Trust and Customer Focus, the very last factor extracted by exploratory factor analysis was found to be associated with different aspects of communication. Communication plays very important role in 'relationship building and maintenance', the crux of relationship marketing. 5 out of 31 items associated with relationship marketing are loading on this factor and accounts for 3.442 percentage of variance. If an organization wants to build and maintain long-term relationship with the customers, it should provide timely and trustworthy information to them. This factor is labeled as 'Communication' and its reliability was high with Cronbach's Alpha value 0.784. Duncan & Moriarty (1998) considered communication as the foundation of the new customer focused marketing efforts. Communication is an interactive dialogue between the organization and its customers during the pre-selling, selling, consuming and post-consuming stages (Anderson & Narus, 1990). Organizations should personalize or deliver such communication in a person-to-person format in order to develop and maintain long effective relationship with their customers (Ball, Coelho & Machâs, 2004).
5.3.2 *Multiple Regression Analysis*

Multiple Regression Analysis is a statistical technique used to study the relationship between one dependent variable and one or more independent variables. This technique is very helpful in quantifying the impact of various simultaneous influences upon a single dependent variable. In this study, multiple regression analysis was employed in order to examine the impact of relationship marketing and perceived service quality on customer loyalty. Subsequently, various models of multiple regressions were developed to examine the impact of relationship marketing and perceived service quality on customer loyalty in the Indian automobile industry.

5.3.2.1 *Multiple Regression Analysis Model I*

The opening model of multiple regression analysis is intended to elucidate the impact of relationship marketing on customer loyalty in case of the Indian automobile industry.

![Figure 5.1: Schema for Multiple Regression Analysis Model I](image)

Source: Developed by the Researcher

Factor analysis revealed four underlying constructs of relationship marketing. In this multiple regression analysis, Customer Loyalty was taken as dependent variable and
different constructs of relationship marketing viz. Customer Centricity, Commitment, Trust, and Communication were taken as independent variables (Refer Figure 5.1). Customer Loyalty score was estimated by computing the arithmetic mean for the various items associated with customer loyalty. This study relies upon customer loyalty score as dependent variable and factor scores for various constructs of relationship marketing as independent variables.

The following multiple regression equation was developed in order to examine the impact of relationship marketing on customer loyalty;

**Figure 5.2: Equation for Multiple Regression Analysis Model I**

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Source: Developed by the Researcher

Where,

Y represents Customer loyalty;
The \(\alpha\) coefficient represents the intercept;
\(X_1, X_2, X_3,\) and \(X_4\) represents different constructs of relationship marketing viz. Customer Centricity, Commitment, Trust and Communication;
\(\beta_1, \beta_2, \beta_3,\) and \(\beta_4\) denotes strength of different constructs of relationship marketing viz. Customer Centricity, Commitment, Trust and Communication;
\(\epsilon\) represents the error term.

Result of Multiple Regression Analysis Model I treating constructs of relationship marketing as predictors and customer loyalty as criterion variable was shown in Table 5.10, Table 5.11 and Table 5.12. The overall multiple regression model was found to be significant (\(F = 92.984, p<0.0\)) (Refer Table 5.12) at 5% level of significance. This implies that all the independent variables considered in this multiple regression model are significant in determining customer loyalty.

In addition to F Value, Significant ANOVA test robustly supported the employment of multiple regression analysis to appreciate the impact of relationship marketing constructs on customer loyalty. In simple words, it can be said that the multiple regression analysis employed here effectively estimates the degree of influence
relationship marketing constructs have in determining customer loyalty.

Table 5.12: ANOVA and F Statistics

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>151,987</td>
<td>4</td>
<td>37,997</td>
<td>92.984</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>206,361</td>
<td>505</td>
<td>.409</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>358,347</td>
<td>509</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty
b. Predictors: (Constant), Customer Centricity, Commitment, Trust and Communication

Source: Developed by the Researcher

The first measure in the Model Summary (Refer Table 5.13) is R, commonly known as multiple correlation coefficient. R is a measure of how well independent variables predict the dependent variable. Normally, the value of R ranges from -1 to 1. The absolute value of R represents the strength of the relationship between independent variables and dependent variable, whereas the positive or negative sign of R indicates the direction of relationship. In this multiple regression analysis, R value of 0.651 indicates stronger relationship between the constructs of relationship marketing and customer loyalty.

Table 5.13: Model Summary of Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin–Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>.651*</td>
<td>.424</td>
<td>.420</td>
<td>.63925</td>
<td>1.479</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Customer Centricity, Commitment, Trust and Communication
b. Dependent Variable: Customer Loyalty

Source: Developed by the Researcher

R² stands for Coefficient of determination signifies the amount of variation in the dependent variable explained by the regression model. R² is a statistic that gives vital details about the goodness of fit with reference to a multiple regression model. If R² value is 1, it indicates that the regression line perfectly fits the data. Although R² value ranges from 0 to 1, R² value 0.3 and above considered as good model in case of multiple regression analysis. In this case, the value of R² is 0.424 and Adjusted R² is 0.420; the multiple regression model employed is very much appropriate to understand the impact of various constructs of relationship marketing.
on customer loyalty. The $R^2$ value multiplied by 100 tells the percentage of variance in dependent variables accounted for by the independent variables.

In this case, the $R^2$ value is adjusted for potential errors to 0.420 and it implies that the joint effect of various relationship marketing constructs viz. Customer Centricity, Commitment, Trust and Communication predict 42 percentage of the variance in customer loyalty. Considering this multiple regression analysis, it can also be said that 58 percentage of variance in customer loyalty is explained by something other than the relationship marketing constructs.

The Durbin–Watson test was used to detect the presence of autocorrelation in the residuals from a regression analysis. As a rough rule of thumb, if Durbin–Watson is less than 1.0, there may be cause for alarm. In this multiple regression, the value of Durbin – Watson 1.479 indicates that there is no problem of serial autocorrelation in the data.

**Table 5.14: Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.605</td>
<td>.028</td>
<td>127.358</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Customer Centricity</td>
<td>.190</td>
<td>.028</td>
<td>.226</td>
<td>6.705</td>
<td>.000</td>
</tr>
<tr>
<td>Commitment</td>
<td>.397</td>
<td>.028</td>
<td>.473</td>
<td>14.012</td>
<td>.000</td>
</tr>
<tr>
<td>Trust</td>
<td>.265</td>
<td>.028</td>
<td>.316</td>
<td>9.343</td>
<td>.000</td>
</tr>
<tr>
<td>Communication</td>
<td>.187</td>
<td>.028</td>
<td>.222</td>
<td>6.584</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty  
Source: Developed by the Researcher

The variance inflation factor (VIF) was used to detect the problem of Multicollinearity. Computationally, it is defined as the reciprocal of tolerance i.e. $VIF = 1/Tolerance$. A VIF of 5 and above indicates a problem of multicollinearity. On the basis of the VIF values, it can be said that there is no problem of multicollinearity in this multiple regression and all the parameter estimates are stable.
In this multiple regression analysis, all the four constructs of relationship marketing viz. Customer Centricity, Commitment, Trust and Communication were found to be statistically significant at 5% level of significance in explaining customer loyalty (Refer Table 5.14). The beta coefficient is measured in 'standard deviation' units, and is a measure of how robustly the independent variable influences the dependent variable. The higher the value of beta coefficient more is the Contribution of the independent variable in explaining and predicting the dependent variable.

On the basis of the result of multiple regression analysis, multiple regression model can be written as follows and is significant at 95% confidence level;

\[
\text{Customer Loyalty} = 3.605 + 0.190 \text{ (Customer Centricity)} + 0.397 \text{ (Commitment)} + 0.265 \text{ (Trust)} + 0.187 \text{ (Communication)}
\]

Unstandardized B Coefficients have been considered to derive the equation of multiple regression analysis. On the basis of the analysis of multiple regression result, it can be said that the relationship between the independent variables (viz. Customer Centricity, Commitment, Trust and Communication) and dependent variable (i.e. Customer Loyalty) is significant at 5% significance level.

The positive sign of all the four estimates (beta coefficients) confirms that the greater the extent of these relationship marketing constructs, higher the level of customer loyalty. Among all the four relationship marketing constructs, 'Commitment' with its beta coefficient value of 0.473 has emerged as the most important relationship marketing construct in predicting customer loyalty. At the same time, Communication with its beta coefficient value of 0.222 was found having least impact on customer loyalty.

Therefore, on the basis of the multiple regression analysis made, it can be said that the automobile customers in India tend to be very loyal if the automobile firm elucidates customer centricity while dealing with its customers; stay committed; remain trustworthy; to serve the customers in the best possible way; and communicates with them openly and regularly.
5.3.2.1.1 Multiple Regression Analysis Model IA

This multiple regression analysis model has been developed to understand the impact of relationship marketing on customer loyalty in case of Indian automobile industry with special reference to the customers of two wheelers. Out of 510 respondents considered for this research study, 325 customers were found using two wheelers. In this case, the same Schema for Multiple Regression Analysis Model I (Refer Figure 5.1) and the corresponding equation (Refer Figure 5.2) of multiple regression analysis has been considered.

The 'Type of Vehicle' was taken as selection variable and 'Two Wheelers' was considered in the multiple regression model developed here. This multiple regression analysis relies upon the primary data collected by 325 respondents who gave their responses considering their two wheelers as the object of reference. This analysis has been undertaken with an intention to appreciate the difference in the importance of relationship marketing constructs on customer loyalty that may exist between automobile customers in general and two wheeler customers in particular in Indian Automobile Industry.

Table 5.15: ANOVA and F Statistics

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IA</td>
<td>Regression</td>
<td>77.889</td>
<td>4</td>
<td>19.472</td>
<td>48.959</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>127.272</td>
<td>320</td>
<td>.398</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>205.161</td>
<td>324</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty
b. Selecting only cases for Type of Vehicle = Two Wheeler
c. Predictors: (Constant), Customer Centricity, Commitment, Trust, and Communication
Source: Developed by the Researcher

In this multiple regression analysis, Customer Loyalty was taken as dependent variable and different constructs of relationship marketing viz. Customer Centricity, Commitment, Trust, and Communication were taken as independent variables. Customer Loyalty score was estimated by computing the arithmetic mean for the various items associated with customer loyalty. This study relies upon customer loyalty score as dependent variable and factor scores for various constructs of relationship marketing as independent variables.
Result of Multiple Regression Analysis Model IA considering various constructs of relationship marketing as predictors and customer loyalty as criterion variable was shown in Table 5.15, Table 5.16 and Table 5.17. The overall multiple regression model was found to be significant (F = 48.959, p<0.0) at 5% level of significance (Refer Table 5.15). In simple words, it can be said that all the independent variables considered in this multiple regression model are significant in determining customer loyalty.

In addition to F Value, Significant ANOVA test strongly supported the use of multiple regression analysis to realize the impact of relationship marketing constructs on customer loyalty. In the basis of ANOVA and F statistics, It can be said that the multiple regression analysis employed here effectively estimates the degree of influence relationship marketing constructs have in determining customer loyalty.

**Table 5.16: Model Summary of Multiple Regression Analysis**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Vehicle = Two Wheeler (Selected)</td>
<td>.616*</td>
<td>.380</td>
<td>.372</td>
<td>.63065</td>
<td>1.462</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Customer Centricity, Commitment, Trust, and Communication
b. Unless noted otherwise, statistics are based only on cases for Type of Vehicle = Two Wheeler.
c. Dependent Variable: Customer Loyalty

Source: Developed by the Researcher

The initial measure in the Model Summary (Refer Table 5.16) is R, commonly known as multiple correlation coefficient. R is a measure of how well independent variables predict the dependent variable. Normally, the value of R ranges from -1 to 1. The absolute value of R represents the strength of the relationship between independent variables and dependent variable, whereas the positive or negative sign of R indicates the direction of relationship. In this multiple regression analysis, R value of 0.616 specifies stronger relationship between the constructs of relationship marketing and customer loyalty.
R² stands for Coefficient of determination signifies the amount of variation in the dependent variable explained by the regression model. R² is a statistic that gives vital details about the goodness of fit with reference to a multiple regression model. If R² value is 1, it indicates that the regression line perfectly fits the data. Although R² value ranges from 0 to 1, R² value 0.3 and above considered as good model in case of multiple regression analysis. In this case, the value of R² is 0.380 and Adjusted R² is 0.372; the multiple regression model employed is very much appropriate to understand the impact of various constructs of relationship marketing on customer loyalty. The R² value multiplied by 100 tells the percentage of variance in dependent variables accounted for by the independent variables.

In this case, the R² value is adjusted for potential errors to 0.372 and it means that the all the four constructs of relationship marketing viz. Customer Centricity, Commitment, Trust, and Communication jointly predict 37.2 percentage of the variance in customer loyalty. Considering this multiple regression analysis, it can also be said that 62.8 percentage of variance in customer loyalty is explained by something other than the relationship marketing constructs.

Durbin–Watson test was used to detect the presence of autocorrelation in the residuals from a regression analysis. As a rough rule of thumb, if Durbin–Watson is less than 1.0, there may be cause for alarm. In this multiple regression, the value of Durbin – Watson 1.462 indicates that there is no problem of serial autocorrelation in the data.

The variance inflation factor (VIF) was used to detect the problem of Multicollinearity. Computationally, it is defined as the reciprocal of tolerance i.e. VIF = 1/Tolerance. A VIF of 5 and above indicates a problem of multicollinearity. On the basis of the VIF values, it can be said that there is no problem of multicollinearity in this multiple regression and all the parameter estimates are stable.

In this multiple regression analysis, all the four constructs of relationship marketing viz. Customer Centricity, Commitment, Trust and Communication were found to be statistically significant in explaining customer loyalty at 5% level of
significance (Refer Table 5.17). The beta coefficient is measured in ‘standard deviation’ units, and is a measure of how robustly the independent variable influences the dependent variable. The higher the value of beta coefficient more is the Contribution of the independent variable in explaining and predicting the dependent variable.

**Table 5.17: Coefficients**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.620</td>
<td>.035</td>
<td></td>
<td>102.023</td>
<td>.000</td>
</tr>
<tr>
<td>Customer Centricity</td>
<td>.215</td>
<td>.037</td>
<td>.260</td>
<td>5.799</td>
<td>.000</td>
</tr>
<tr>
<td>Commitment</td>
<td>.302</td>
<td>.039</td>
<td>.346</td>
<td>7.708</td>
<td>.000</td>
</tr>
<tr>
<td>Trust</td>
<td>.258</td>
<td>.037</td>
<td>.308</td>
<td>6.930</td>
<td>.000</td>
</tr>
<tr>
<td>Communication</td>
<td>.208</td>
<td>.037</td>
<td>.249</td>
<td>5.568</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty  
b. Selecting only cases for Type of Vehicle = Two Wheeler

*Source: Developed by the Researcher*

On the basis of the result of multiple regression analysis, multiple regression model that is significant at 95% confidence level can be written as follows:

\[
\text{Customer Loyalty} = 3.620 + 0.215 \times \text{(Customer Centricity)} + 0.302 \times \text{(Commitment)} + 0.258 \times \text{(Trust)} + 0.208 \times \text{(Communication)}
\]

Unstandardized B Coefficients have been considered to derive the equation of multiple regression analysis. On the basis of the analysis of multiple regression result, it is very much evident that the relationship between the independent variables (viz. Customer Centricity, Commitment, Trust and Communication) and dependent variable (i.e. Customer Loyalty) is significant at 5% significance level.

The positive sign of all the four estimates (beta coefficients) confirms that the greater the extent of these relationship marketing constructs, higher the level of customer loyalty. Among all the four relationship marketing constructs, ‘Commitment’ with its beta coefficient value of 0.346 has been identified as the
most important relationship marketing construct in predicting customer loyalty. At the same time, Communication with its beta coefficient value of 0.249 was found having slightest impact on customer loyalty compared to other three constructs of relationship marketing.

Accordingly, on the basis of the multiple regression analysis undertaken, it can be inferred that the two wheeler customers in India have a tendency to be very loyal provided the automobile firm exhibits customer centricity while dealing with its customers; stay committed; remain trustworthy to serve the customers in the best possible way; and communicates with them openly and regularly.

5.3.2.1.1 Multiple Regression Analysis Model I B

This multiple regression analysis model has been developed to understand the impact of relationship marketing on customer loyalty in case of Indian automobile industry with special reference to the customers of four wheelers. Out of 510 respondents considered for this research study, 185 customers were reported using four wheelers. In this case, the same Schema for Multiple Regression Analysis Model I (Refer Figure 5.1) and the corresponding equation (Refer Figure 5.2) of multiple regression analysis has been considered.

The ‘Type of Vehicle’ was taken as selection variable and ‘Four Wheelers’ was considered in the multiple regression model developed here. This multiple regression analysis relies upon the primary data collected by 185 respondents who gave their responses considering their four wheelers as the object of reference. This analysis has been undertaken with an intention to appreciate the difference in the importance of relationship marketing constructs on customer loyalty that may exist between automobile customers in general and four wheeler customers in particular in Indian Automobile Industry.

In this multiple regression analysis, Customer Loyalty was taken as dependent variable and different constructs of relationship marketing viz. Customer Centricity, Commitment, Trust, and Communication were taken as independent variables. Customer Loyalty score was estimated by computing the arithmetic mean for the
various items associated with customer loyalty. This study relies upon customer loyalty score as dependent variable and factor scores for various constructs of relationship marketing as independent variables.

Table 5.18: ANOVA and F Statistics

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IB</td>
<td>153.150</td>
<td>184</td>
<td>.412</td>
<td>.000</td>
<td>.02</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty
b. Selecting only cases for Type of Vehicle = Four Wheeler
c. Predictors: (Constant), Customer Centricity, Commitment, Trust, and Communication

Source: Developed by the Researcher

Result of Multiple Regression Analysis Model IB considering various constructs of relationship marketing as predictors and customer loyalty as criterion variable was shown in Table 5.18, Table 5.19 and Table 5.20. The overall multiple regression model was found to be significant ($F = 47.896, p<0.000$) at 5% level of significance (Refer Table 5.18). In simple words, it can be said that all the independent variables considered in this multiple regression model are significant in determining customer loyalty.

In addition to F Value, Significant ANOVA test strongly supported the use of multiple regression analysis to realize the impact of relationship marketing constructs on customer loyalty. In the basis of ANOVA and F statistics, It can be said that the multiple regression analysis employed here effectively estimates the degree of influence relationship marketing constructs have in determining customer loyalty.

Table 5.19: Model Summary of Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>IB</td>
<td>.718*</td>
<td>.516</td>
<td>.505</td>
<td>.64199</td>
<td>1.352</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Customer Centricity, Commitment, Trust, and Communication
b. Unless noted otherwise, statistics are based only on cases for Type of Vehicle = Four Wheeler.
c. Dependent Variable: Customer Loyalty

Source: Developed by the Researcher
The initial measure in the Model Summary (Refer Table 5.19) is \( R \), commonly known as multiple correlation coefficient. \( R \) is a measure of how well independent variables predict the dependent variable. Normally, the value of \( R \) ranges from -1 to 1. The absolute value of \( R \) represents the strength of the relationship between independent variables and dependent variable, whereas the positive or negative sign of \( R \) indicates the direction of relationship. In this multiple regression analysis, \( R \) value of 0.718 specifies stronger relationship between the constructs of relationship marketing and customer loyalty.

\( R^2 \) stands for Coefficient of determination signifies the amount of variation in the dependent variable explained by the regression model. \( R^2 \) is a statistic that gives vital details about the goodness of fit with reference to a multiple regression model. If \( R^2 \) value is 1, it indicates that the regression line perfectly fits the data. Although \( R^2 \) value ranges from 0 to 1, \( R^2 \) value 0.3 and above considered as good model in case of multiple regression analysis. In this case, the value of \( R^2 \) is 0.516 and Adjusted \( R^2 \) is 0.505; the multiple regression model employed is very much appropriate to understand the impact of various constructs of relationship marketing on customer loyalty. The \( R^2 \) value multiplied by 100 tells the percentage of variance in dependent variables accounted for by the independent variables.

In this case, the \( R^2 \) value is adjusted for potential errors to 0.505 and it means that the all the four constructs of relationship marketing viz. Customer Centricity, Trust, Commitment, and Communication jointly predict 50.5 percentage of the variance in customer loyalty. Considering this multiple regression analysis, it can also be said that 49.5 percentage of variance in customer loyalty is explained by something other than the relationship marketing constructs.

Durbin–Watson test was used to detect the presence of autocorrelation in the residuals from a regression analysis. As a rough rule of thumb, if Durbin–Watson is less than 1.0, there may be cause for alarm. In this multiple regression, the value of Durbin – Watson 1.352 indicates that there is no problem of serial autocorrelation in the data.
The variance inflation factor (VIF) was used to detect the problem of
Multicollinearity. Computationally, it is defined as the reciprocal of
tolerance i.e. VIF = 1/\text{Tolerance}. A VIF of 5 and above indicates a problem of
multicollinearity. On the basis of the VIF values, it can be said that there is no problem of
multicollinearity in this multiple regression and all the parameter estimates are
stable.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.583</td>
<td>.049</td>
<td></td>
<td>73.334</td>
<td>.000</td>
</tr>
<tr>
<td>Customer Centricity</td>
<td>.209</td>
<td>.048</td>
<td>.234</td>
<td>4.363</td>
<td>.000</td>
</tr>
<tr>
<td>Commitment</td>
<td>.498</td>
<td>.043</td>
<td>.622</td>
<td>11.668</td>
<td>.000</td>
</tr>
<tr>
<td>Trust</td>
<td>.264</td>
<td>.044</td>
<td>.313</td>
<td>5.943</td>
<td>.000</td>
</tr>
<tr>
<td>Communication</td>
<td>.178</td>
<td>.045</td>
<td>.209</td>
<td>3.927</td>
<td>.000</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty
b. Selecting only cases for Type of Vehicle = Four Wheeler

Source: Developed by the Researcher

In this multiple regression analysis, all the four constructs of relationship marketing
viz. Customer Centricity, Commitment, Trust and Communication were found to
be statistically significant in explaining customer loyalty at 5% level of
significance (Refer Table 5.20). The beta coefficient is measured in 'standard
deviation' units, and is a measure of how robustly the independent variable
influences the dependent variable. The higher the value of beta coefficient more is
the Contribution of the independent variable in explaining and predicting the
dependent variable.

On the basis of the result of multiple regression analysis, multiple regression
model that is significant at 95% confidence level can be written as follows;

Customer Loyalty = 3.583 + 0.209 (Customer Centricity) + 0.498
(Commitment) + 0.264 (Trust) + 0.178 (Communication)
Unstandardized B Coefficients have been considered to derive the equation of multiple regression analysis. On the basis of the analysis of multiple regression result, it is very much evident that the relationship between the independent variables (viz. Customer Centricity, Commitment, Trust and Communication) and dependent variable (i.e. Customer Loyalty) is significant at 5% significance level.

The positive sign of all the four estimates (beta coefficients) confirms that the greater the extent of these relationship marketing constructs, higher the level of customer loyalty. Among all the four relationship marketing constructs, ‘Commitment’ with its beta coefficient value of 0.622 has been identified as the most important relationship marketing construct in predicting customer loyalty. At the same time, Communication with its beta coefficient value of 0.209 was found having least impact on customer loyalty compared to other three constructs of relationship marketing.

Accordingly, on the basis of the multiple regression analysis undertaken, it can be inferred that the four wheeler customers in India have a tendency to be very loyal provided the automobile firm exhibits customer centricity while dealing with its customers; stay committed; remain trustworthy to serve the customers in the best possible way; and communicates with them openly and regularly.

5.3.2.2 Multiple Regression Analysis Model II

In order to understand the effect of Perceived Service Quality on customer loyalty with special reference to Indian automobile industry, the present multiple regression model has been developed.

In line with the Kheng, Mahamad, Ramayah & Mosahab (2010), Customer Loyalty was taken as dependent variable and different dimensions of Perceived Service Quality viz. Tangibles, Reliability, Responsiveness, Assurance and Empathy were taken as independent variables in this multiple regression analysis (Refer Figure 5.3). Customer Loyalty score was estimated by calculating the arithmetic mean for the various items associated with customer loyalty. Service Quality score can be considered as the difference of customers’ perceptions and expectations (P–E) of
attributes and contributes of various dimensions of service quality. In the present research study, service quality score was acquired by taking the mean value of perceptions minus expectations score (P – E) obtained by a five points likert scale where 1 = Strongly Disagree and 5 = Strongly Agree across the five dimensions considering 22 elements of SERVQUAL. This research study consider customer loyalty score as dependent variable and service quality score for various dimensions of perceived service quality as independent variables.

Figure 5.3: Schema for Multiple Regression Analysis Model II

![Diagram showing relationship between service quality dimensions and customer loyalty]  

Source: Developed by the Researcher

The following multiple regression equation was developed in order to examine the impact of relationship marketing on customer loyalty;

Figure 5.4: Equation for Multiple Regression Analysis Model II

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon \]

Source: Developed by the Researcher

Where,

Y represents Customer loyalty;
The $\alpha$ coefficient represents the intercept;

$X_1, X_2, X_3, X_4$ and $X_5$ represents different dimensions Perceived Service Quality viz. Tangibles, Reliability, Responsiveness, Assurance and Empathy;

$\beta_1, \beta_2, \beta_3, \beta_4$ and $\beta_5$ denote strength of different dimensions Perceived Service Quality viz. Tangibles, Reliability, Responsiveness, Assurance and Empathy;

$\epsilon$ represents the error term.

Result of Multiple Regression Analysis Model II treating dimensions of perceived service quality as independent variables and customer loyalty as a dependent variable is shown in Table 5.21, Table 5.22 and Table 5.23.

The overall multiple regression model was found to be significant ($F = 6.260, p<0.05$) (Refer Table 5.21) at 5% level of significance. The decision to employ multiple regression analysis to appreciate the relationship between perceived service quality dimensions and customer loyalty was taken on the basis of ANOVA and F Statistics. This entails that all the independent variables taken in this multiple regression model are considerable in shaping the dependent variable.

Table 5.21: ANOVA and F Statistics

<table>
<thead>
<tr>
<th>ANOVAa</th>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>20.954</td>
<td>5</td>
<td>4.191</td>
<td>6.260</td>
<td>.000*</td>
</tr>
<tr>
<td>II</td>
<td>Residual</td>
<td>337.393</td>
<td>504</td>
<td>.669</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>358.347</td>
<td>509</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty
b. Predictors: (Constant), Tangibles, Reliability, Responsiveness, Assurance and Empathy

Source: Developed by the Researcher

In simple words, it can be said that the multiple regression analysis employed here is expected to estimate the intensity of influence various dimensions of perceived service quality have on customer loyalty.

The first statistics in the Model Summary (Refer Table 5.22) is R, which is generally known as multiple correlation coefficient. R is a measure of how well independent variables predict the dependent variable. In normal course, the value of R varies in between from -1 to 1. The absolute value of R represents the strength of the relationship between independent variables and dependent variable, whereas the
positive or negative sign of R indicates the direction of relationship. In this multiple regression analysis, R value of 0.242 indicates independent variables don’t have strong influence on customer loyalty.

Table 5.22: Model Summary of Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin–Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>.242</td>
<td>.058</td>
<td>.049</td>
<td>.81819</td>
<td>1.375</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Tangibles, Reliability, Responsiveness, Assurance and Empathy
b. Dependent Variable: Customer Loyalty

Source: Developed by the Researcher

R² stands for Coefficient of determination signifies the amount of variation in the dependent variable explained by the regression model. R² is a statistic that gives vital details about the goodness of fit with reference to a multiple regression model. If R² value is 1, it indicates that the regression line perfectly fits the data. Although R² value ranges from 0 to 1, R² value 0.3 and above considered as good model in case of multiple regression analysis. When the actual value of R² is multiplied by 100, it notifies the percentage of variance in dependent variable accounted for by the independent variables.

In this case, the value of R² is 0.058 and Adjusted R² is 0.049; it can be inferred that the multiple regression model employed here is not so appropriate to understand the impact of various dimensions of perceived service quality on customer loyalty. The goodness of fit of the multiple regression model employed here can’t be established as the value of R² is too low.

In this case, the R² value is adjusted for potential errors to 0.049 and it implies that the joint effect of perceived service quality dimensions viz. Tangibles, Reliability, Responsiveness, Assurance and Empathy could predict only predict 4.9 percentage of the variance in customer loyalty. Considering this multiple regression analysis, it can be said that 95.1 percentage of variance in customer loyalty is explained by something other than perceived service quality.
Table 5.23 Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.718</td>
<td>.044</td>
<td></td>
<td>85.133</td>
<td>.000</td>
</tr>
<tr>
<td>Tangibles</td>
<td>.068</td>
<td>.054</td>
<td>.065</td>
<td>1.267</td>
<td>.206</td>
</tr>
<tr>
<td>Reliability</td>
<td>.191</td>
<td>.060</td>
<td>.194</td>
<td>3.183</td>
<td>.002</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>.028</td>
<td>.060</td>
<td>.031</td>
<td>.476</td>
<td>.634</td>
</tr>
<tr>
<td>Assurance</td>
<td>.025</td>
<td>.054</td>
<td>.027</td>
<td>.467</td>
<td>.641</td>
</tr>
<tr>
<td>Empathy</td>
<td>-.055</td>
<td>.055</td>
<td>-.059</td>
<td>-1.002</td>
<td>.317</td>
</tr>
</tbody>
</table>

*Dependent Variable: Customer Loyalty

**Source:** Developed by the Researcher

Durbin–Watson test was used to detect the presence of autocorrelation in the residuals from a regression analysis. As a rough rule of thumb, if Durbin–Watson is less than 1.0, there may be cause for alarm. In this multiple regression, the value of Durbin – Watson 1.375 indicates that there is no problem of serial autocorrelation in the data.

The variance inflation factor (VIF) was used to detect the problem of Multicollinearity. Computationally, it is defined as the reciprocal of tolerance i.e. \[ VIF = 1/Tolerance \]. A VIF of 5 and above indicates a problem of multicollinearity. On the basis of the VIF values, it can be said that there is no problem of multicollinearity in this multiple regression and all the parameter estimates are stable.

On the basis of the result of multiple regression analysis, multiple regression model can be written as follows and is significant at 95% confidence level;

\[
\text{Customer Loyalty} = 3.718 + 0.068 \text{ (Tangibles)} + 0.191 \text{ (Reliability)} + 0.028 \text{ (Responsiveness)} + 0.025 \text{ (Assurance)} - 0.55 \text{ (Empathy)}
\]

Unstandardized B Coefficients have been considered to derive the equation of multiple regression analysis.

The beta coefficient is measured in ‘standard deviation’ units, and is a measure of how robustly the independent variable influences the dependent variable. The
higher the value of beta coefficient more is the Contribution of the independent variable in explaining and predicting the dependent variable. In this multiple regression analysis, except reliability, no other service quality dimensions (Tangibles, Responsiveness, Assurance and Empathy) were found to be statistically significant at 5% level of significance in explaining customer loyalty (Refer Table 5.23).

Although, reliability was found to having significant influence on customer loyalty, on the basis of the multiple regression analysis made, it cannot be said that the automobile customers in India would certainly be loyal to the automobile firm just because it design and deliver high level of service quality through its offerings.

5.3.2.2.1 Multiple Regression Analysis Model II A

Previous model of multiple regression was not found to be significant in establishing the relationship between perceived service quality and customer loyalty in case of Indian automobile industry. Attempt was made to appreciate any difference, if exist, in case of two wheeler customers. This multiple regression analysis model has been developed to understand the impact of various dimensions of perceived service quality on customer loyalty in case of Indian automobile industry with special reference to the customers of two wheelers.

Out of 510 respondents considered for this research study, 325 customers were found using two wheelers. In this case, the same Schema for Multiple Regression Analysis Model II (Refer Figure 5.3) and the corresponding equation (Refer Figure 5.4) of multiple regression analysis has been considered.

The ‘Type of Vehicle’ was taken as selection variable and ‘Two Wheelers’ was considered in the multiple regression model developed here. This multiple regression analysis relies upon the primary data collected by 325 respondents who gave their responses considering their two wheelers as the object of reference. This analysis has been undertaken with an intention to appreciate the difference in the importance of various dimensions of perceived service quality on customer loyalty.
that may exist between automobile customers in general and two wheeler customers in particular in Indian Automobile Industry.

In this multiple regression analysis, Customer Loyalty was taken as dependent variable and different dimensions of Perceived Service Quality viz. Tangibles, Reliability, Responsiveness, Assurance and Empathy were taken as independent variables.

This research study consider customer loyalty score as dependent variable and service quality score for various dimensions of perceived service quality as independent variables. Customer Loyalty score was estimated by computing the arithmetic mean for the various items associated with customer loyalty. At the same time, service quality score was acquired by taking the mean value of perceptions – minus – expectations score (P – E) obtained by a five points Likert scale where 1 = Strongly Disagree and 5 = Strongly Agree across the five dimensions considering 22 elements of SERVQUAL.

Result of Multiple Regression Analysis Model IIA considering various dimensions of Perceived Service Quality viz. Tangibles, Reliability, Responsiveness, Assurance and Empathy as predictors and customer loyalty as criterion variable is shown in Table 5.24, Table 5.25 and Table 5.26. The overall multiple regression model was found to be significant (F = 3.048, p<0.011) at 5% level of significance (Refer Table 5.24). In simple words, it can be said that all the independent variables considered in this multiple regression model are significant in determining customer loyalty.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>.Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>9.353</td>
<td>5</td>
<td>1.871</td>
<td>3.048</td>
<td>.011p</td>
</tr>
<tr>
<td>Residual</td>
<td>195.808</td>
<td>319</td>
<td>.614</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>205.161</td>
<td>324</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty  
b. Selecting only cases for which Type of Vehicle = Two Wheeler  
c. Predictors: (Constant), Tangibles, Reliability, Responsiveness, Assurance and Empathy  
Source: Developed by the Researcher
In addition to F Value, Significant ANOVA test strongly supported the use of multiple regression analysis to realize the impact of relationship marketing constructs on customer loyalty. On the basis of ANOVA and F statistics, it can be said that the multiple regression analysis employed here effectively estimates the degree of influence service quality dimensions have in determining customer loyalty.

The first statistics in the Model Summary (Refer Table 5.25) is R, which is generally known as multiple correlation coefficient. R is a measure of how well independent variables predict the dependent variable. In normal course, the value of R varies in between from −1 to 1. The absolute value of R represents the strength of the relationship between independent variables and dependent variable, whereas the positive or negative sign of R indicates the direction of relationship. In this multiple regression analysis, R value of 0.214 indicates independent variables don’t have strong influence on customer loyalty.

Table 5.25: Model Summary of Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Mode</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin–Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>IIA</td>
<td>.214*</td>
<td>.046</td>
<td>.031</td>
<td>.78347</td>
<td>1.449</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant); Tangibles, Reliability, Responsiveness, Assurance and Empathy
b. Unless noted otherwise, statistics are based only on cases for Type of Vehicle = Two Wheeler.
c. Dependent Variable: Customer Loyalty

Source: Developed by the Researcher

R² stands for Coefficient of determination signifies the amount of variation in the dependent variable explained by the regression model. R² is a statistic that gives vital details about the goodness of fit with reference to a multiple regression model. If R² value is 1, it indicates that the regression line perfectly fits the data. Although R² value ranges from 0 to 1, R² value 0.3 and above considered as good model in case of multiple regression analysis. When the actual value of R² is multiplied by 100, it notifies the percentage of variance in dependent variable accounted for by the independent variables.

In this case, the value of R² is 0.046 and Adjusted R² is 0.031; it can be inferred that the multiple regression model employed here is not so appropriate to understand the
impact of various dimensions of perceived service quality on customer loyalty. The goodness of fit of the multiple regression model employed here can't be established as the value of $R^2$ is too low.

In this case, the $R^2$ value is adjusted for potential errors to 0.031 and it implies that the joint effect of perceived service quality dimensions viz. Tangibles, Reliability, Responsiveness, Assurance and Empathy could predict only predict 3.1 percentage of the variance in customer loyalty. Considering this multiple regression analysis, it can be said that 96.9 percentage of variance in customer loyalty is explained by something other than perceived service quality.

Table 5.26 Coefficients

<table>
<thead>
<tr>
<th>Coefficientsa,b</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td></td>
<td>3.689</td>
<td>.052</td>
<td>.013</td>
<td>.192</td>
<td>.848</td>
</tr>
<tr>
<td>Tangibles</td>
<td></td>
<td>.012</td>
<td>.064</td>
<td>.013</td>
<td>.192</td>
<td>.848</td>
</tr>
<tr>
<td>Reliability</td>
<td></td>
<td>.184</td>
<td>.071</td>
<td>.207</td>
<td>2.598</td>
<td>.010</td>
</tr>
<tr>
<td>Responsiveness</td>
<td></td>
<td>.017</td>
<td>.071</td>
<td>.021</td>
<td>.240</td>
<td>.811</td>
</tr>
<tr>
<td>Assurance</td>
<td></td>
<td>-.012</td>
<td>.061</td>
<td>-.015</td>
<td>-.194</td>
<td>.847</td>
</tr>
<tr>
<td>Empathy</td>
<td></td>
<td>-.012</td>
<td>.068</td>
<td>-.014</td>
<td>-.181</td>
<td>.856</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty
b. Selecting only cases for Type of Vehicle = Two Wheeler

Source: Developed by the Researcher

Durbin–Watson test was used to detect the presence of autocorrelation in the residuals from a regression analysis. As a rough rule of thumb, if Durbin–Watson is less than 1.0, there may be cause for alarm. In this multiple regression, the value of Durbin – Watson 1.449 indicates that there is no problem of serial autocorrelation in the data.

The variance inflation factor (VIF) was used to detect the problem of Multicollinearity. Computationally, it is defined as the reciprocal of tolerance i.e. VIF = 1/Tolerance. A VIF of 5 and above indicates a problem of multicollinearity.
On the basis of the VIF values, it can be said that there is no problem of multicollinearity in this multiple regression and all the parameter estimates are stable.

On the basis of the result of multiple regression analysis, multiple regression model can be written as follows and is significant at 95% confidence level;

\[
\text{Customer Loyalty} = 3.689 + 0.012 \text{ (Tangibles)} + 0.184 \text{ (Reliability)} + 0.017 \text{ (Responsiveness)} - 0.012 \text{ (Assurance)} - 0.012 \text{ (Empathy)}
\]

Unstandardized B Coefficients have been considered to derive the equation of multiple regression analysis.

The beta coefficient is measured in ‘standard deviation’ units, and is a measure of how robustly the independent variable influences the dependent variable. The higher the value of beta coefficient more is the Contribution of the independent variable in explaining and predicting the dependent variable. In this multiple regression analysis, except reliability, no other service quality dimensions (Tangibles, Responsiveness, Assurance and Empathy) were found to be statistically significant at 5% level of significance in explaining customer loyalty (Refer Table 5.26).

Although, reliability was found to having significant influence on customer loyalty, on the basis of the multiple regression analysis made, it cannot be said that the automobile customers in India would certainly be loyal to the automobile firm just because it design and deliver high level of service quality through its offerings.

5.3.2.2.2 Multiple Regression Analysis Model II B

Previous models of multiple regression was not found to be significant in establishing the relationship between perceived service quality and customer loyalty in case of Indian automobile industry in general as well as two wheeler customers in particular in Indian Automobile Industry. Attempt was made to appreciate any difference, if exist, in case of four wheeler customers. This multiple regression
analysis model has been developed to understand the impact of various dimensions of perceived service quality on customer loyalty in case of Indian automobile industry with special reference to the customers of four wheelers.

Out of 510 respondents considered for this research study, 185 customers were found using four wheelers. In this case, the same Schema for Multiple Regression Analysis Model II (Refer Figure 5.3) and the corresponding equation (Refer Figure 5.4) of multiple regression analysis has been considered.

The ‘Type of Vehicle’ was taken as selection variable and ‘Four Wheelers’ was considered in the multiple regression model developed here. This multiple regression analysis relies upon the primary data collected by 185 respondents who gave their responses considering their four wheelers as the object of reference. This analysis has been undertaken with an intention to appreciate the difference in the importance of perceived service quality dimensions on customer loyalty that may exist between automobile customers in general and four wheeler customers in particular in Indian Automobile Industry.

In this multiple regression analysis, Customer Loyalty was taken as dependent variable and different dimensions of Perceived Service Quality viz. Tangibles, Reliability, Responsiveness, Assurance and Empathy were taken as independent variables.

This research study consider customer loyalty score as dependent variable and service quality score for various dimensions of perceived service quality as independent variables. Customer Loyalty score was estimated by computing the arithmetic mean for the various items associated with customer loyalty. At the same time, service quality score was acquired by taking the mean value of perceptions – minus – expectations score (P – E) obtained by a five points likert scale where 1 = Strongly Disagree and 5 = Strongly Agree across the five dimensions considering 22 elements of SERVQUAL.

Result of Multiple Regression Analysis Model IIB considering various dimensions of Perceived Service Quality viz. Tangibles, Reliability, Responsiveness, Assurance
and Empathy as predictors and customer loyalty as criterion variable is shown in Table 5.27, Table 5.28 and Table 5.29. The overall multiple regression model was found to be significant ($F = 4.409$, $p<0.01$) at 5% level of significance (Refer Table 5.27). In simple words, it can be said that all the independent variables considered in this multiple regression model are significant in determining customer loyalty.

Table 5.27: ANOVA and F Statistics

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>16,794</td>
<td>5</td>
<td>3.359</td>
<td>4.409</td>
<td>.001*</td>
</tr>
<tr>
<td>Residual</td>
<td>136,356</td>
<td>179</td>
<td>.762</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>153,150</td>
<td>184</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty  
b. Selecting only cases for Type of Vehicle = Four Wheeler  
c. Predictors: (Constant), Tangibles, Reliability, Responsiveness, Assurance and Empathy  
Source: Developed by the Researcher

In addition to F Value, Significant ANOVA test strongly supported the use of multiple regression analysis to realize the impact of relationship marketing constructs on customer loyalty. On the basis of ANOVA and F statistics, It can be said that the multiple regression analysis employed here effectively estimates the degree of influence service quality dimensions have in determining customer loyalty.

Table 5.28: Model Summary of Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Model Summary</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$R$</td>
<td>$R^2$</td>
<td>Adjusted $R^2$</td>
<td>Std. Error of Estimate</td>
</tr>
<tr>
<td>IIB</td>
<td>.331*</td>
<td>.110</td>
<td>.085</td>
<td>.87279</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Tangibles, Reliability, Responsiveness, Assurance and Empathy  
b. Unless noted otherwise, statistics are based only on cases for Type of Vehicle = Four Wheeler  
c. Dependent Variable: Customer Loyalty  
Source: Developed by the Researcher

The first statistics in the Model Summary (Refer Table 5.28) is $R$, which is generally known as multiple correlation coefficient. $R$ is a measure of how well independent variables predict the dependent variable. In normal course, the value of $R$ varies in between from $-1$ to $1$. The absolute value of $R$ represents the strength of the relationship between independent variables and dependent variable, whereas the
positive or negative sign of R indicates the direction of relationship. In this multiple regression analysis, R value of 0.331 indicates independent variables don’t have strong influence on customer loyalty.

$R^2$ stands for Coefficient of determination signifies the amount of variation in the dependent variable explained by the regression model. $R^2$ is a statistic that gives vital details about the goodness of fit with reference to a multiple regression model. If $R^2$ value is 1, it indicates that the regression line perfectly fits the data. Although $R^2$ value ranges from 0 to 1, $R^2$ value 0.3 and above considered as good model in case of multiple regression analysis. When the actual value of $R^2$ is multiplied by 100, it notifies the percentage of variance in dependent variable accounted for by the independent variables.

In this case, the value of $R^2$ is 0.110 and Adjusted $R^2$ is 0.085; it can be inferred that the multiple regression model employed here is not so appropriate to understand the impact of various dimensions of perceived service quality on customer loyalty. The goodness of fit of the multiple regression model employed here can’t be established as the value of $R^2$ is too low.

In this case, the $R^2$ value is adjusted for potential errors to 0.085 and it implies that the joint effect of perceived service quality dimensions viz. Tangibles, Reliability, Responsiveness, Assurance and Empathy could predict only predict 8.5 percentage of the variance in customer loyalty. Considering this multiple regression analysis, it can be said that 91.5 percentage of variance in customer loyalty is explained by something other than perceived service quality.

Durbin–Watson test was used to detect the presence of autocorrelation in the residuals from a regression analysis. As a rough rule of thumb, if Durbin – Watson is less than 1.0, there may be cause for alarm. In this multiple regression, the value of Durbin – Watson 1.462 indicates that there is no problem of serial autocorrelation in the data.

The variance inflation factor (VIF) was used to detect the problem of Multicollinearity. Computationally, it is defined as the reciprocal of tolerance i.e.
VIF = 1/Tolerance. A VIF of 5 and above indicates a problem of multicollinearity. On the basis of the VIF values, it can be said that there is no problem of multicollinearity in this multiple regression and all the parameter estimates are stable.

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t</th>
<th>Sig.</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.797</td>
<td>.080</td>
<td></td>
<td>47.399</td>
<td>.000</td>
<td>1.261</td>
</tr>
<tr>
<td>Tangibles</td>
<td>.200</td>
<td>.100</td>
<td>.159</td>
<td>2.007</td>
<td>.046</td>
<td>1.783</td>
</tr>
<tr>
<td>Reliability</td>
<td>.199</td>
<td>.111</td>
<td>.170</td>
<td>1.801</td>
<td>.073</td>
<td>1.920</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>.028</td>
<td>.111</td>
<td>.024</td>
<td>.249</td>
<td>.803</td>
<td>1.784</td>
</tr>
<tr>
<td>Assurance</td>
<td>.150</td>
<td>.109</td>
<td>.129</td>
<td>1.370</td>
<td>.172</td>
<td>1.610</td>
</tr>
<tr>
<td>Empathy</td>
<td>-.120</td>
<td>.091</td>
<td>-.118</td>
<td>-1.314</td>
<td>.190</td>
<td>1.261</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty
b. Selecting only cases for Type of Vehicle = Four Wheeler

Source: Developed by the Researcher

On the basis of the result of multiple regression analysis, multiple regression model can be written as follows and is significant at 95% confidence level:

Customer Loyalty = 3.797 + 0.200 (Tangibles) + 0.199 (Reliability) + 0.028 (Responsiveness) + 0.150 (Assurance) − 0.120 (Empathy)

Unstandardized B Coefficients have been considered to derive the equation of multiple regression analysis.

The beta coefficient is measured in ‘standard deviation’ units, and is a measure of how robustly the independent variable influences the dependent variable. The higher the value of beta coefficient more is the Contribution of the independent variable in explaining and predicting the dependent variable. In this multiple regression analysis, except tangibles and reliability, no other service quality dimensions (Responsiveness, Assurance and Empathy) were found to be statistically significant in explaining customer loyalty (Refer Table 5.29). ‘Tangibles’ was statistically significant at 5% level of significance, whereas
'Reliability' was statistically significant at 10 % level of significance in explaining customer loyalty.

Although, tangibles and reliability were found having significant influence on customer loyalty, on the basis of the multiple regression analysis made, it cannot be said that the automobile customers in India would certainly be loyal to the automobile firm just because it design and deliver high level of service quality through its offerings.

5.4 Concluding Remarks

This chapter has attempted to present the data analysis of the data collected from the respondents with the help of a structured questionnaire. In the present research study, a two-step data analysis strategy was employed to achieve the research objectives. In the first step, Exploratory Factor Analysis was conducted to identify the constructs of relationship marketing. Subsequently, multiple regression analysis was employed to understand the impact of relationship marketing and perceived service quality on customer loyalty in the second step. On the basis of data analysis undertaken here, decisions would be made either to support or not to support the research hypotheses in order to draw conclusions for the present research study.
Chapter 6: Discussions and Conclusion

6.0 Introduction
6.1 Discussions
6.2 Conclusion
6.3 Implications
6.4 Future Research Directions
6.5 Concluding Remarks
CHAPTER 6

DISCUSSIONS AND CONCLUSION

6.0 Introduction

This concluding chapter presents deliberations in view of the findings and derive conclusion for the present research study. A detailed description of what we infer from the results of data analysis along with supporting evidence pertaining to the research objectives and hypotheses are explained in this chapter. The discussion is organized in relation to the findings present research study vis-à-vis finding of allied research studies. In addition to, discussions and conclusion, implications of the present research study along with the directions for future have been also presented here.

6.1 Discussions

The foremost intention of this study is to understand the impact of relationship marketing and perceived service quality on customer loyalty in Indian Automobile Industry. Subsequently, following three research objectives were developed in line with the research intent;

- To identify the constructs of relationship marketing in the context of Indian Automobile Industry.
- To investigate the impact of relationship marketing constructs on customer loyalty in the context of Indian Automobile Industry.
- To investigate the impact of perceived service quality dimensions on customer loyalty in the context of Indian Automobile Industry.

In relation to the above mentioned research objectives, the discussion have been presented in three sections. The first section is intended to present various constructs of relationship marketing relating to Indian automobile industry extracted in the present research study in contrast to the existing constructs of relationship
marketing. The second section is concerned with presenting deliberations for understanding the impact of relationship marketing on customer loyalty on the basis of the results of present research study vis-à-vis other research studies in the related domain. The third section is intended to put forward deliberations for appreciating the impact of perceived service quality on customer loyalty on the basis of the results of present research study in comparison with the results of other research studies in the related domain. Finally, decisions were taken to accept to reject the research hypotheses developed for testing during the course of present research study.

6.1.1 Constructs of Relationship Marketing

In this study, Exploratory Factor Analysis was employed to extract the constructs of relationship marketing. Principle Component Analysis along with Varimax rotation was employed to identify the underlying factors for relationship marketing. With the help of exploratory factor analysis, four factors were extracted and in unison all the four factors explain 53.992 percent of variance. Subsequently, these factors were named after considering the loadings of variables on factors. Customer Centricity, Commitment, Trust and Communication were emerged as constructs of relationship marketing in case of Indian automobile industry.

Customer Centricity: Present research study found that the ‘Customer Centricity’ is one of the most important constructs that determine the strength of a marketing relationship. Literature revealed a shift from product based marketing orientation to customer centric marketing orientation (Negi & Ketema, 2010). Sheth, Sisodia & Sharma (2000) noted that the “Customer centric marketing focuses on the needs, wants, and resources of customers as the starting point of the planning process”.

Commitment: Commitment has been identified as one of vital construct that ensure potency of relationship marketing. Moorman, Zaltman & Deshpande (1992) defined commitment as “an enduring desire to maintain a valued relationship”. Parasuraman, Zeithaml & Berry (1991) stated that “relationships are built on the foundation of mutual commitment”. Commitment implies an advanced level of obligation to make a relationship long lasting and mutually satisfying (Morgan & Hunt, 1994;
(Gundlach, Achrol & Mentzer, 1995). In most of the cases, Commitment goes along with trust. In most of the buyer-seller relationship studies, commitment was found as most common dependent variable (Wilson, 1995; Ndubisi, Wah & Ndubisi, 2007).

Trust: In relationship marketing literature, Trust is considered to be vital in order to have successful relationship. Doyle & Roth (1992) noted that “the goal of relationship selling is to earn the position of preferred supplier by developing trust in key accounts over a period of time”. Doney & Cannon (1997) defined trust as a perception of credibility. Morgan & Hunt (1994) believed that the trust exists when one party has confidence in an exchange partner’s reliability and integrity. Trust can be understood as the belief that a partner’s word or promise is reliable and a party will fulfill his/her duties in the relationship (Schurr & Ozanne, 1985). In the present research study, trust has emerged as one of important construct of relationship marketing.

Communication: Communication is the capability to offer timely and trustworthy information (Ndubisi & Wah, 2005). In general, good communication affects all aspects of the relationship (Ball, Coelho & Machás, 2004). Today, communication refers to the interactive dialogues that take place between the firm and its customers during various stages of relationship viz. pre-selling, selling, consuming and post-consuming stages (Anderson & Narus, 1990). In this research study, communication has emerged as the integral part of the relationship marketing programme.

6.1.2 Impact of Relationship Marketing on Customer Loyalty

In accordance with the research objectives, attempt was made to understand the impact of relationship marketing on customer loyalty with reference to Indian Automobile Industry. In the present research study, multiple regression analysis was employed to appreciate the influence of relationship marketing on customer loyalty. Customer loyalty was taken as a dependent variable and constructs of relationship marketing i.e. Customer Centricity, Commitment, Trust and Communication were taken as independent variables in the multiple regression analysis.
Three separate models of multiple regression analysis were developed to appreciate any difference in the importance of various constructs of relationship marketing on customer loyalty that may exist between automobile customers in general vis-à-vis two wheeler and four wheeler customers in particular in Indian Automobile Industry.

**H1: There is a significant positive relationship between the constructs of Relationship Marketing and Customer Loyalty.**

All the three multiple regression models were found having satisfactory level of goodness of fit in predicting the variance of level of customer loyalty in relation to the four predictor variables mentioned above. The $R^2$ quantifies how well a multiple regression model fits the data. From Table 6.1, it is very much obvious that the four constructs of relationship marketing viz. Customer Centricity, Commitment, Trust and Communication contribute significantly to customer loyalty and predict substantial percentage of the variation in all three cases. From the findings it is evident that that the four independent variables were important in explaining or contributing to customer loyalty.

<table>
<thead>
<tr>
<th></th>
<th>Indian Automobile Industry</th>
<th>Two Wheeler Segment</th>
<th>Four Wheeler Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$R^2$</td>
<td>0.424</td>
<td>0.380</td>
<td>0.516</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>0.420</td>
<td>0.372</td>
<td>0.505</td>
</tr>
<tr>
<td>Sig.</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

**Standardized Beta Coefficients (β)**

<table>
<thead>
<tr>
<th>Predictors</th>
<th>Beta</th>
<th>Sig.</th>
<th>Beta</th>
<th>Sig.</th>
<th>Beta</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Centricity</td>
<td>0.226</td>
<td>0.000</td>
<td>0.260</td>
<td>0.000</td>
<td>0.234</td>
<td>0.000</td>
</tr>
<tr>
<td>Commitment</td>
<td>0.473</td>
<td>0.000</td>
<td>0.346</td>
<td>0.000</td>
<td>0.622</td>
<td>0.000</td>
</tr>
<tr>
<td>Trust</td>
<td>0.316</td>
<td>0.000</td>
<td>0.308</td>
<td>0.000</td>
<td>0.313</td>
<td>0.000</td>
</tr>
<tr>
<td>Communication</td>
<td>0.222</td>
<td>0.000</td>
<td>0.249</td>
<td>0.000</td>
<td>0.209</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Dependent Variable: Customer Loyalty
Independent Variables: Customer Centricity, Commitment, Trust, and Communication

**Source: Developed by the Researcher**

At the same time, the relationship between these four relationship marketing constructs and customer loyalty were also found significant at 5 percent level of significance. The positive sign of all the four estimates (beta coefficients) illustrates
that greater the extent of these relationship marketing constructs, the higher the level of customer loyalty. All the elements of the research proposition are thus confidently supported. It can be said that the automobile customers in India tend to be very loyal if the automobile firm elucidates customer centricity while dealing with its customers; stay committed; remain trustworthy to serve the customers in the best possible way; and communicates with them openly and regularly.

The present research finding is consistent and supports the findings of some previous researches suggesting that the constructs of relationship marketing have high influence on the customer loyalty (Ndubisi, 2007; Gaurav, 2008; Alrubace & Al-Nazer, 2010; Jumaev, Kumar & Hanaysha, 2012). Thus, the hypothesis ‘H1: There is a significant positive relationship between the constructs of Relationship Marketing and Customer Loyalty’ is supported.

6.1.2.1 Customer Centricity and Customer Loyalty

Present research study revealed ‘Customer Centricity’ as one of the most essential constructs that determine the strength of a marketing relationship. In the same line of thought, Holbrook (1994) noted that the Customer value is “the fundamental basis for all marketing activity” and high customer value is one of the primary motivations for customer patronage. In the same line of thought, Sirdeshmukh, Singh & Sabol (2002) noted that offering customer value should be the superordinate goal and customer loyalty is a subordinate goal.

H1a: There is a significant positive relationship between Customer Centricity and Customer Loyalty.

From Table 6.1, it is very much apparent that the Customer Centricity has positive and significant association with customer loyalty. The finding of present research study is consistent and supports the findings of some previous researches suggesting that the Customer Centricity is an important ingredient of firm-customer relationships and ensures customer loyalty (Sirdeshmukh, Singh & Sabol, 2002; Jumaev, Kumar & Hanaysha, 2012).
In simple words, it can be said that automobile firms in India must design and offer superior customer value to their customers in order to win customers' loyalty. Therefore, the hypothesis 'H1a: There is a significant positive relationship between Customer Centricity and Customer Loyalty’ is supported.

6.1.2.2 Commitment and Customer Loyalty

In the present research study, Commitment has emerged as one of the vital constructs of relationship marketing. Morgan & Hunt (1994) regarded relationship commitment as the foundation of relationship marketing. They defined commitment as “an ongoing relationship with another that is so important as to warrant maximum efforts at maintaining it”. Commitment can also be understood as “an implicit or explicit pledge of relational continuity between exchange partners” (Dwyer, Schurr & Oh, 1987).

\textit{H1b: There is a significant positive relationship between Commitment and Customer Loyalty.}

From Table 6.1, it is very much apparent that the commitment has positive and significant association with customer loyalty. The present research finding is consistent and supports the findings of some previous researches suggesting that commitment is as important as trust in explaining customer loyalty (Ndubisi, 2007; Jumaev, Kumar & Hanaysha, 2012; Patrick, Chenuos, Koskei, Kenyoro & Tuwey, 2014). Commitment is a critical factor that influences the strength of a marketing relationship as well as a useful construct for evaluating the possibility of customer loyalty (Gundlach, Achrol & Mentzer, 1995).

Therefore, automobile firms should always demonstrate genuine commitment to customer relationship by fulfilling customers' expectations in order to ensure customer loyalty. Accordingly, the hypothesis 'H1b: There is a significant positive relationship between Commitment and Customer Loyalty’ is supported.
6.1.2.3 Trust and Customer Loyalty

In the present research study, trust has emerged as one of the vital constructs of relationship marketing. Trust is referred as "the belief that a partner's word or promise is reliable and a party will fulfill his/her obligations in the relationship" (Schurr & Ozanne, 1985). Morgan & Hunt (1994) conceptualized trust as "willingness to rely on an exchange partner in whom one has confidence".

**H1c:** There is a significant positive relationship between Trust and Customer Loyalty.

From Table 6.1, it is very much evident that the trust has positive and significant association with customer loyalty. At the same time, Trust has emerged as the most important relationship marketing construct in predicting customer loyalty. The present research finding is consistent and supports the findings of some previous researches suggesting that the Trust is an important constituent of firm-customer relationships and plays important role in the development of loyalty (Morgan & Hunt, 1994; Ball, Coelho & Machás, 2004; Ndubisi, 2007). Hocutt (1998) noted that the firms must focus of keeping promises to their customers and always carry their best interest at heart.

Therefore, automobile firms in India should strive to win customers’ trust in order to ensure customer loyalty. Thus, the hypothesis ‘H1c: There is a significant positive relationship between Trust and Customer Loyalty’ is supported.

6.1.2.4 Communication and Customer Loyalty

In the present research study, communication has emerged as the integral part of the relationship marketing programme. Anderson & Narus (1990) described communication as "formal as well as informal sharing of meaningful and timely information". In the development of successful alliances, communication is considered to be indispensable attribute which is also believed to be a core competency (Rule & Keown, 1998). Halimi, Chavosh & Choshali (2011) noted that the "Communication is also important in building personnel’s understanding of the
firms' objectives and creating thorough insights about organizational responsibilities and tasks to attain those objectives”.

H1d: There is a significant positive relationship between Communication and Customer Loyalty.

From Table 6.1, it is very much evident that the Communication has positive and significant relationship with customer loyalty. The finding of present research study is consistent and supports the findings of some previous researches suggesting that the Loyalty can be cultivated among customers by providing well-timed and reliable information (Ndubisi, 2007; Gaurav, 2008; Alrubaiće & Al-Nazer, 2010).

Therefore, automobile firms should always provide timely and reliable information to their customers in order to be successful in ensuring customer loyalty. Thus, the hypothesis 'H1d: There is a significant positive relationship between Communication and Customer Loyalty' is supported.

6.1.3 Impact of Perceived Service Quality on Customer Loyalty

In accordance with the research objectives, attempt was made to understand the impact of perceived service quality on customer loyalty with reference to Indian Automobile Industry. In the present research study, multiple regression analysis was employed to appreciate the influence of perceived service quality on customer loyalty. Customer loyalty was taken as a dependent variable and dimensions of perceived service quality i.e. Tangibles, Reliability, Responsiveness, Assurance, and Empathy were taken as independent variables in the multiple regression analysis (Kheng, Mahamad, Ramayah & Mosahab, 2010).

Three separate models of multiple regression analysis were developed to appreciate any difference in the importance of various dimensions of perceived service quality on customer loyalty that may exist between automobile customers in general vis-à-vis two wheeler and four wheeler customers in particular in Indian Automobile Industry.
**H2: There is a significant positive relationship between Perceived Service Quality and Customer Loyalty.**

Although, all the three models of multiple regression were found to be significant at 5% level of significance; none of them were found having satisfactory level of goodness of fit in predicting the variance of level of customer loyalty in relation to the four predictor variables mentioned above (Refer Table 6.2). The $R^2$ quantifies how well a multiple regression model fits the data. From Table 6.2, it is very much obvious that altogether the dimensions of perceived service quality i.e. Tangibles, Reliability, Responsiveness, Assurance, and Empathy don’t contribute significantly to customer loyalty in all three cases.

<table>
<thead>
<tr>
<th></th>
<th>Indian Automobile Industry</th>
<th>Two Wheeler Segment</th>
<th>Four Wheeler Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>$R^2$</td>
<td>0.058</td>
<td>0.046</td>
<td>0.110</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>0.049</td>
<td>0.031</td>
<td>0.085</td>
</tr>
<tr>
<td>Sig.</td>
<td>0.000</td>
<td>0.011</td>
<td>0.001</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Predictors</th>
<th>Beta</th>
<th>Sig.</th>
<th>Beta</th>
<th>Sig.</th>
<th>Beta</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>0.065</td>
<td>0.206</td>
<td>0.013</td>
<td>0.848</td>
<td>0.159</td>
<td>0.046</td>
</tr>
<tr>
<td>Reliability</td>
<td>0.194</td>
<td>0.002</td>
<td>0.207</td>
<td>0.010</td>
<td>0.170</td>
<td>0.073</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>0.031</td>
<td>0.634</td>
<td>0.021</td>
<td>0.811</td>
<td>0.024</td>
<td>0.803</td>
</tr>
<tr>
<td>Assurance</td>
<td>0.027</td>
<td>0.641</td>
<td>-0.015</td>
<td>0.847</td>
<td>0.129</td>
<td>0.172</td>
</tr>
<tr>
<td>Empathy</td>
<td>-0.059</td>
<td>0.317</td>
<td>-0.014</td>
<td>0.856</td>
<td>-0.118</td>
<td>0.190</td>
</tr>
</tbody>
</table>

Dependent Variable: Customer Loyalty
Independent Variables: Tangibles, Reliability, Responsiveness, Assurance and Empathy

Source: Developed by the Researcher

It can't be said that the automobile customers in India will tend be loyal just because of the perceived service quality towards an automobile firm in India. The result of the present research study may be Surprising as compared with the results of some previous studies (De Ruyter, Wetzel & Bloemer, 1998; Wong & Sohal, 2003; Lei & Mac, 2005; Kheng, Mahamad, Ramayah & Mosahab, 2010), it partially supports the findings of Bakti & Sumanadi (2013) & Sachro & Pudjiastuti (2013) who also found service quality not having significant direct effect on customer loyalty. Hence, the hypothesis 'H2: There is a significant positive relationship between Perceived Service Quality and Customer Loyalty' is partially supported.
6.1.3.1 Tangibles and Customer Loyalty

'Tangibles' relates to the tangible aspects of perceived service quality viz. Physical facilities, equipment, and appearance of personnel (Parasuraman, Zeithaml & Berry, 1988). This aspect of service quality deals with communicating customers with respected to service that can be expected. In case of automobile firms, tangible cues the signage, parking and layout of the dealership itself (Berndt, 2009).

H2a: There is a significant positive relationship between Tangibility and Customer Loyalty.

Regression Analyses undertaken in the present research study shows that tangibles have no significant impact on customer loyalty in two cases i.e. in Indian automobile industry in general as well as in two wheeler sector (Refer Table 6.2). Only in the case of four wheeler sector, the relationship between Tangibles and customer loyalty was found to be significant at 5 percent level of significance. Even in the case of four wheeler sector, where the relationship between the tangibles and customer loyalty is significant, the strength of association between tangibles and customer loyalty is not considerable.

The finding of present research study is consistent and supports the findings of Kheng, Mahamad, Ramayah & Mosahab (2010) where tangibles was found to be not significant against Customer Loyalty. Trends are changing and respondents did not treat tangibles as an important antecedent of customer loyalty all the time. Therefore, the hypothesis 'H2a: There is a significant positive relationship between Tangibility and Customer Loyalty' is partially supported.

6.1.3.2 Reliability and Customer Loyalty

Parasuraman, Zeithaml & Berry (1988) noted Reliability as one of the most important dimensions of perceived service quality. This dimension of service quality relates to the Ability to firms to perform the promised service dependably and accurately.
Berndt (2009) noted that the dealers play very important role in determining reliability as dealers are the contact point for most of the service requirements in case of automobile products and services.

**H2b: There is a significant positive relationship between Reliability and Customer Loyalty.**

Regression Analyses undertaken in the present research study shows that Reliability has significant impact on customer loyalty at 5 percent level of significance in both the cases i.e. in Indian automobile industry in general as well as in two wheeler sector (Refer Table 6.2). In case of four wheeler sector, the relationship between Reliability and customer loyalty was found to be significant at 10 percent level of significance. The finding of present research study is consistent and supports the findings of Kheng, Mahamad, Ramayah & Mosahab (2010). Thus, the hypothesis 'H2b: There is a significant positive relationship between Reliability and Customer Loyalty' is partially supported.

**6.1.3.3 Responsiveness and Customer Loyalty**

Responsiveness deals with the Willingness of firms to help customers and provide prompt service (Parasuraman, Zeithaml & Berry, 1988). In case of automobile products and service, this dimension of service relates with the willingness of automobile dealers to accommodate customers' request in odd service hours due to the changes in the needs of the customers (Berndt, 2009; Ambekar, 2013).

**H2c: There is a significant positive relationship between Responsiveness and Customer Loyalty.**

Regression Analyses undertaken in the present research study shows that Responsiveness has no significant impact on customer loyalty in all the three cases (Refer Table 6.2). The relationship between Responsiveness and customer loyalty was not found to be significant at 5 percent level of significance.
Contrary to the findings of Jun & Cai (2001), the finding of present research study is consistent and supports the findings of Kheng, Mahamad, Ramayah & Mosahab (2010) indicating that the relationship between responsiveness and customer loyalty is insignificant. Therefore, the hypothesis ‘H2c: There is a significant positive relationship between Responsiveness and Customer Loyalty’ is not supported.

6.1.3.4 Assurance and Customer Loyalty

Rizka & Widji (2013) noted that the assurance as a service quality indicator is very critical in creating customer loyalty. This dimension of service quality relates to the knowledge and courtesy of employees and their ability to inspire trust and confidence (Parasuraman, Zeithaml & Berry, 1988).

**H2d: There is a significant positive relationship between Assurance and Customer Loyalty.**

Regression Analyses undertaken in the present research study shows that Assurance has no significant impact on customer loyalty in all the three cases (Refer Table 6.2). The relationship between Assurance and customer loyalty was not found to be significant at 5 percent level of significance.

Contrary to the findings of Malik, Naeem & Arif (2011), the finding of present research study indicates that the relationship between Assurance and customer loyalty is insignificant. Thus, the hypothesis ‘H2d: There is a significant positive relationship between Assurance and Customer Loyalty’ is not supported.

6.1.3.5 Empathy and Customer Loyalty

Parasuraman, Zeithaml & Berry (1988) considered empathy as the act of Caring and individualized attention the firm provides to its customers. In case of automobile products and services, empathy can be experience during the interactions between the automobile firm and its customers (Berndt, 2009).
**H2e: There is a significant positive relationship between Empathy and Customer Loyalty.**

Regression Analyses undertaken in the present research study shows that Empathy has no significant impact on customer loyalty in all the three cases (Refer Table 6.2). The relationship between Empathy and customer loyalty was not found to be significant at 5 percent level of significance.

Contrary to the findings of Poku, Zakari & Soali (2011) & (Deshmukh & Chourasia, 2012), the finding of present research study indicates that the relationship between Empathy and customer loyalty is insignificant. Therefore, the hypothesis ‘H2e: There is a significant positive relationship between Empathy and Customer Loyalty’ is not supported.

**6.1.4 Impact of Relationship Marketing & Perceived Service Quality on Customer Loyalty**

In order to understand the supremacy of Relationship Marketing & Perceived Service Quality in explaining Customer Loyalty, two competing multiple regression models were constructed and compared on the basis of the goodness-of-fit statistics (Refer Table 6.1 and Table 6.2).

**H3: Relationship Marketing explains Customer Loyalty better than Perceived Service Quality.**

On the basis of the results of multiple regression analysis given in Table 6.1 and Table 6.2, it can be viewed clearly that Relationship Marketing Constructs have superior influence on Customer Loyalty in comparison with the influence of Perceived Service Quality dimensions on Customer Loyalty. Hence, the hypothesis ‘H3: Relationship Marketing explains Customer Loyalty better than Perceived Service Quality’ is supported.
To recapitulate the discussions presented in the present research study, Summary Table of Hypothesis Testing containing Hypothesis Statements and the result is given (Refer Table 6.3).

**Table 6.3: Summary Results of Hypotheses Testing**

<table>
<thead>
<tr>
<th>S No.</th>
<th>Hypothesis Statement</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>There is a significant positive relationship between the constructs of Relationship Marketing and Customer Loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H1a</td>
<td>There is a significant positive relationship between Customer Centricity and Customer Loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H1b</td>
<td>There is a significant positive relationship between Commitment and Customer Loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H1c</td>
<td>There is a significant positive relationship between Trust and Customer Loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H1d</td>
<td>There is a significant positive relationship between Communication and Customer Loyalty.</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>There is a significant positive relationship between Perceived Service Quality and Customer Loyalty.</td>
<td>Partially Supported</td>
</tr>
<tr>
<td>H2a</td>
<td>There is a significant positive relationship between Tangibility and Customer Loyalty.</td>
<td>Partially Supported</td>
</tr>
<tr>
<td>H2b</td>
<td>There is a significant positive relationship between Reliability and Customer Loyalty.</td>
<td>Partially Supported</td>
</tr>
<tr>
<td>H2c</td>
<td>There is a significant positive relationship between Responsiveness and Customer Loyalty.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H2d</td>
<td>There is a significant positive relationship between Assurance and Customer Loyalty.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H2e</td>
<td>There is a significant positive relationship between Empathy and Customer Loyalty.</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H3</td>
<td>Relationship Marketing explains Customer Loyalty better than Perceived Service Quality.</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Source: Developed by the Researcher
6.2 Conclusion

The focus of the present research study is to present an empirically tested framework to elucidate the impact of relationship marketing and perceived service quality on customer loyalty with special reference to the Indian automobile industry. Specific objectives of the present research study were three fold that include: to identify the constructs of relationship marketing in the context of Indian Automobile Industry; to investigate the impact of relationship marketing constructs on customer loyalty in the context of Indian Automobile Industry; and to investigate the impact of perceived service quality dimensions on customer loyalty in the context of Indian Automobile Industry.

The present research study uses descriptive research framework to achieve research objectives. Systematic sampling, a probability sampling method was used to identify the respondents and primary data was collected from the respondents with the help of a structured questionnaire. Data was examined with the help of descriptive statistics and inferences were drawn using exploratory factor analysis and multiple regression analysis. Specifically, multiple regression analyses were employed to test the research hypotheses developed for the present research study.

With the help of Exploratory Factor Analysis, four independent set of underlying factors associated with relationship marketing viz. Customer Centricity, Commitment, Trust and Communication were extracted. These constructs were found to be very significant in determining the strength of marketing relationships in the case Indian automobile industry.

Multiple regression analysis has clearly revealed that all the four constructs of relationship marketing viz. Customer Centricity, Commitment, Trust and Communication contribute significantly to customer loyalty and predict substantial percentage of the variation in customer loyalty. With reference to the impact of relationship marketing on customer loyalty in automobile sector in India, findings of present research study was found to consistent and supports the findings of some previous researches suggesting that the constructs of relationship marketing have high influence on the customer loyalty (Ndubisi, 2007; Gaurav, 2008; Alrubaiiee &
Al-Nazer, 2010; Jumaev, Kumar & Hanaysha, 2012). In simple words, it can be said that the automobile customers in India tend to be very loyal if the automobile firm elucidates customer centricity while dealing with its customers; stay committed; remain trustworthy to serve the customers in the best possible way; and communicates with them openly and regularly. Therefore, management of automobile firms in India, while designing strategies aimed to build the customer loyalty, should pay close attention to relationship marketing variables like Customer Centricity, Commitment, Trust and Communication.

At the same time, five dimensions of perceived service quality i.e. Tangibles, Reliability, Responsiveness, Assurance, and Empathy were found to be appropriate in determining perceived service quality in case of automobile service in India. While analyzing perceived service quality in case of automobile service, this research study observed that the expectations of the customers towards automobile service were higher than their perceptions of service performance. The negative gap scores have indicated shortfall in meeting customers’ expectations across all dimensions of perceived service quality. Automobile firms should pay close attention to the customer needs with reference to their automobile service requirements.

Multiple regression analysis has clearly revealed that perceived service quality dimensions viz. Tangibles, Reliability, Responsiveness, Assurance, and Empathy contribute to customer loyalty but they were not found to be enough in predicting substantial percentage of the variation in customer loyalty. It can’t be said that the automobile customers in India will tend be loyal just because of the perceived service quality towards an automobile firm in India. With reference to the impact of perceived service quality on customer loyalty in automobile sector in India, findings of present research study are contradictory as compared with the results of some previous studies (De Ruyter, Wetzels & Bloemer, 1998; Wong & Sohal, 2003; Lei & Mac, 2005; Kheng, Mahamad, Ramayah & Mosahab, 2010). Interestingly, findings of present research study support the findings of Bakti & Sumaedi (2013) & Sachro & Pudjiastuti (2013) who also found that the direct effect of service quality on customer loyalty is not significant.
As firms are increasingly recognizing the importance of interface with customers, relationship marketing is assuming a vital place in both marketing theory and practice (Brito, 2008). The study has also widened the scope of applicability of the relationship marketing in building customer loyalty; the majority of past studies concentrated mostly on common service sector like banking sector (Ndubisi, 2005; Gaurav, 2008; Alrubaiee & Al-Nazer, 2010; Jumaev, Kumar & Hanaysha, 2012), telecommunication sector (Raza & Rehman, 2012) retail sector (Too, Souchon & Thirkell, 2001; Boukhobza, 2005), hospitality sector (Narteh, Agbemabiese, Kodua & Braimah, 2013; Petzer, Steyn & Mostert, 2009); This study has provided empirical evidence that the relationship marketing works effectively in winning customer loyalty even in automobile sector in Indian context.

So far, only few research studies have attempted to assess the service quality of automobile service (Andaleeb & Basu, 1994; Berndt, 2009); the present research study made an attempt to add new dimensions to the literature in the area of perceived service quality by assessing the service quality of automobile service, and also offered empirical evidence with reference to the impact of perceived service quality on customer loyalty in Indian automobile industry.

6.3 Implications

- This research study has taken a first step towards empirically proving the link between relationship marketing, perceived service quality and customer loyalty in the automobile service setting in Indian context. In the competitive market, Customer loyalty has became paramount to the success of businesses across the industry. This research study provides better understanding with reference to the antecedents of customer loyalty in automobile sector. The present research study has number of implications with reference to managing customers at automobile firms to ensure their loyalty for long period of time.

- Today, Relationship marketing is one of the most prominently discussed areas in the field of marketing, recognized not only by academics but also by practitioners. The present research study identified constructs of relationship
marketing viz. Customer Centricity, Commitment, Trust and Communication; these constructs were also found to be significant in determining strength of marketing relationship in case of Indian Automobile Industry.

- In the present research study, Relationship Marketing was found having significant impact in explaining customer loyalty. Management of marketing relationship with customers undoubtedly led to customer loyalty. Automobile firms in India should strive to build and maintain quality relationship with their customers in order to win their loyalty. In order to ensure customer loyalty, Automobile firms should keep customers and their interests at the centre of the marketing programme; they must keep their promises and offer reliable communication on time.

- In the present research study, perceived service quality dimensions viz. Tangibles, Reliability, Responsiveness, Assurance, and Empathy were not found to be significant in explaining customer loyalty. As far as customers' assessment for present automobile service quality is concerned; it's important to note negative service gap for all dimensions of perceived service quality. In the present scenario, It can't be said that the automobile customers in India will tend be loyal just because of the perceived service quality towards an automobile firm in India. In order to ensure customer loyalty, automobile firms in India need to understand customers' expectations properly in order to design and deliver automobile service in order to meet and exceed their expectations.

- The findings of the present research study provide valuable insights about the antecedents of customer loyalty with reference to automobile service in Indian context. Automobile firms in India ought to consider the findings of present research study while designing strategies to win customer loyalty.
6.4 Future Research Directions

- The present research study and its findings are based on quantitative analysis of data collected at one point of time. "A longitudinal study is an observational study which involves repeated observations over long periods of time" (Historylearningsite.co.uk, 2011). Contrast to this cross sectional study, future research may embark on longitudinal study to track the changes that occur over a period of time with respect to the customers' evaluation of perceived service quality & relationship marketing initiatives in order to demonstrate loyalty towards the firm and its service. Longitudinal study does deal with the study of same set of people for a long period of time in order to track the changes effectively. At the same time, impact of cultural difference throughout generations can be minimized in longitudinal study.

- The present research study is limited to appreciate the impact of relationship marketing and perceived service quality on customer loyalty; the future research may possibly attempt to understand the impact of relationship marketing and perceive service quality on other organizational performance measures viz. sales, profitability, customer satisfaction and customer retention.

- Replication of the same research study can be undertaken in other emerging as well as developed market to have robust generalizations with respect to the findings of the study. At the same time, the relationship between relationships marketing, perceived service quality and customer loyalty can be studied in industries other than automobile industry viz. Banking & Insurance, Education, Hospitality, Health Services, Transportation etc. This will add value to the existing body of knowledge in order to strengthen the research in this area.

- Understanding demographic characteristics of customers is very vital to the success of marketing programmes across the industry. In present research study, the impact of various demographic variables viz. Gender, Age, Income, Education, Marital Status etc. have been taken as a control variable.
Future research may attempt to understand the effect of various demographic variables on customer loyalty. Finding of the study would help marketers to design customer loyalty programmes considering the demographical differences of the customers.

- Customer Satisfaction was found to be significantly associated with present-day as well as future financial performance of the firms (Zhang & Pan, 2009). Firms with higher level customer satisfaction are expected to enjoy higher profitability over firms with low level of customer satisfaction. Future research may intend to examine the moderation effect of customer satisfaction on relationship marketing-customer loyalty as well as on perceived service quality – customer loyalty relationship.

- The findings of this research study may further be validated by employing Confirmatory Factor Analysis (CFA) and Structure Equation Modeling (SEM). Whereas Exploratory Factor Analysis (EFA) that allows all variables to load on all the factors, Confirmatory Factor Analysis allows a variable to load on multiple factors. In CFA, factor structures are hypothesized a priori and verified empirically. SEM is statistical method employed to test and estimate causal relationship among variables by using a combination of empirical data and qualitative causal assumptions. The measurement model in Structure Equation Modeling is usually evaluated through Confirmatory Factor Analysis (Lei & Wu, 2007).

- This research study is confined to study the customers’ perspective towards relationship marketing, perceived service quality and customer loyalty. In Case of Automobile Service, Dealers as well as Service Centers do play critical role in ensuring marketing success. In future, researcher may extend the present research study by studying the dealers’ perspectives towards relationship marketing, perceived service quality and customer loyalty.

- The research study at hand has largely relied upon quantitative research methodology as quantitative data have been collected through survey method and was analyzed with the help of quantitative data analysis tools like factor
analysis and multiple regression analysis; The upcoming research may undertake qualitative research methodology for data collection as well as for data analysis. For instance, case method of research can be adopted to study the impact of relationship marketing and perceived service quality on customer loyalty. Also, there is possibility for in depth structured as well as unstructured interview as a method for data collection; and data can be analyzed with the help of content analysis. The qualitative research will help provide a holistic picture of the study.

6.5 Concluding Remarks

This chapter has presented deliberations in view of the findings of the research study in order to derive conclusion. The discussions were presented in relation to the findings of present research study vis-à-vis findings of allied research studies. In addition to the conclusion, Implications of the present research study have been presented in a logical manner. At last, this chapter also presented the directions for further research in the areas closely related to the present research study.
REFERENCES


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Appendix I
Questionnaire
# APPENDIX I: QUESTIONNAIRE

## Impact of Relationship Marketing and Perceived Service Quality on Customer Loyalty: Evidence from Indian Automobile Industry

Dear Sir/Madam,

Greetings!!

We are undertaking an empirical research study to examine the impact of Relationship Marketing and Perceived Service Quality on Customer Loyalty with reference to automobiles (Two Wheeler/Four Wheeler). Your response is vital for this study. Please be assured that your responses are completely confidential and will be used for the academic purposes only.

---

### Demographic Details

*Please tick (X) against your response.*

<table>
<thead>
<tr>
<th>Name</th>
<th>E-mail ID (Optional)</th>
<th>Mobile No (Optional)</th>
</tr>
</thead>
</table>

gender: Male (1) ___________ Female (2) ___________

<table>
<thead>
<tr>
<th>Age</th>
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</thead>
<tbody>
<tr>
<td>Below 21 years (1)</td>
<td>In between 21 – 30 years (2)</td>
</tr>
<tr>
<td>In between 31 – 40 years (3)</td>
<td>In between 41 – 50 years (4)</td>
</tr>
<tr>
<td>In between 51 – 60 years (5)</td>
<td>Above 60 Years (6)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Your Level of Education</th>
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</thead>
<tbody>
<tr>
<td>Undergraduate (1)</td>
<td>Graduate (2)</td>
</tr>
<tr>
<td>Post Graduate (3)</td>
<td>Doctorate (PhDs) (4)</td>
</tr>
<tr>
<td>Others (5), Please specify</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Occupation</th>
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<tbody>
<tr>
<td>Student (1) ___________ Self employed (2) ___________</td>
<td></td>
</tr>
<tr>
<td>Employed in Public Sector (3)</td>
<td>Employed in Private Sector (4)</td>
</tr>
<tr>
<td>Others (5), Please Specify</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Monthly Income</th>
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<tbody>
<tr>
<td>Below Rs.25000 (1)</td>
<td>Rs.25001-50000 (2)</td>
</tr>
<tr>
<td>Rs.50001-75,000 (3)</td>
<td>More than Rs.75,000 (4)</td>
</tr>
</tbody>
</table>

Kindly tell us the details of the vehicle you have

(Kindly select either of the option given below & give your responses further considering the same)

<table>
<thead>
<tr>
<th>Type of the vehicle</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Two Wheeler (1)</td>
<td>Four Wheeler (2)</td>
</tr>
</tbody>
</table>

Name of the Manufacturer/ Brand:

Model (Sub brand):

Year of Purchase:

Is this your first vehicle: Yes / No
### PART I: PERCEIVED SERVICE QUALITY

#### I A: CUSTOMERS’ EXPECTATIONS TOWARDS SERVICE

**DIRECTION:** This survey deals with your opinions of with respect to the services provided by Automobile firm (Automobile Dealer/Service Centre). Please tell us the extent to which you think firms offering services should possess the features described by each statement. Do this by picking one of the five numbers next to each statement. If you strongly agree that these firms should possess a feature, circle the number 5. If you strongly disagree that these firms should possess a feature, circle 1. If your feelings are not strong, circle one of the numbers in the middle. There is no right or wrong answers—all we are interested in is a number that best shows your expectations about firms offering services.

<table>
<thead>
<tr>
<th><strong>Tangibles</strong></th>
<th><strong>Reliability</strong></th>
<th><strong>Responsiveness</strong></th>
<th><strong>Assurance</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E 01</strong> The firm (automobile dealer/service centre) should have up-to-date equipment.</td>
<td><strong>E 05</strong> When the firm (automobile dealer/service centre) promises to do something by a certain time, they should do so.</td>
<td><strong>E 10</strong> The employees of the firm (automobile dealer/service centre) should tell its customers exactly when services will be performed.</td>
<td><strong>E 13</strong> The employees of the firm (automobile dealer/service centre) should never be too busy to respond to customers requests promptly.</td>
</tr>
<tr>
<td>SD 1 2 3 4 5</td>
<td>SD 1 2 3 4 5</td>
<td>SD 1 2 3 4 5</td>
<td>SD 1 2 3 4 5</td>
</tr>
<tr>
<td><strong>E 02</strong> The physical facilities of the firm (automobile dealer/service centre) should be visually appealing.</td>
<td></td>
<td><strong>E 11</strong> The employees of the firm (automobile dealer/service centre) should offer prompt service to the customers.</td>
<td></td>
</tr>
<tr>
<td>SD 1 2 3 4 5</td>
<td></td>
<td>SD 1 2 3 4 5</td>
<td></td>
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<tr>
<td><strong>E 03</strong> The employees of the firm (automobile dealer/service centre) should be well dressed and appear neat.</td>
<td></td>
<td><strong>E 12</strong> The employees of the firm (automobile dealer/service centre) should be willing to help customers.</td>
<td></td>
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<tr>
<td>SD 1 2 3 4 5</td>
<td></td>
<td>SD 1 2 3 4 5</td>
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</tr>
<tr>
<td><strong>E 04</strong> The appearance of the physical facilities of the firm (automobile dealer/service centre) should be in keeping with the type of services provided.</td>
<td></td>
<td><strong>E 13</strong> The employees of the firm (automobile dealer/service centre) should never be too busy to respond to customers requests promptly.</td>
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<td>SD 1 2 3 4 5</td>
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<td>SD 1 2 3 4 5</td>
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192
I B: CUSTOMERS’ PERCEPTIONS OF SERVICE PERFORMANCE

DIRECTION: The following set of statements relate to your feelings about the Automobile firm (Automobile Dealer/Service Centre) you are dealing with. For each statement, please show the extent to which you believe the selected automobile firm has the feature described by the statement. Once again, circling a 5 means that you strongly agree that the automobile firm has that feature, and circling a 1 means that automobile firm does not have that feature so you strongly disagree. You may circle any of the numbers in the middle that show how strong your feelings are. There are no right or wrong answers—all we are interested in is a number that best shows your perceptions about the automobile firm you are dealing with presently.

<table>
<thead>
<tr>
<th>Tangibles</th>
<th>SD</th>
<th>SA</th>
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</thead>
<tbody>
<tr>
<td>P 01 The firm (automobile dealer/service centre) has up-to-date equipment.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>P 02 The physical facilities of the firm (automobile dealer/service centre) are visually appealing.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>P 03 The employees of the firm (automobile dealer/service centre) are well dressed and appear neat.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>P 04 The appearance of the physical facilities of the firm (automobile dealer/service centre) is in keeping with the type of services provided.</td>
<td>1 2 3 4 5</td>
<td></td>
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Reliability

<table>
<thead>
<tr>
<th>Empathy</th>
<th>SD</th>
<th>SA</th>
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</thead>
<tbody>
<tr>
<td>E 14 The customers should be able to trust employees of the firm (automobile dealer/service centre).</td>
<td>1 2 3 4 5</td>
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<tr>
<td>E 15 The customers should feel safe while transacting with the firm (automobile dealer/service centre).</td>
<td>1 2 3 4 5</td>
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<tr>
<td>E 16 Employees of the firm (automobile dealer/service centre) should be polite.</td>
<td>1 2 3 4 5</td>
<td></td>
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<tr>
<td>E 17 The employees of the firm (automobile dealer/service centre) should have enough knowledge to answer the questions of the customers.</td>
<td>1 2 3 4 5</td>
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<tr>
<td>E 18 The firm (automobile dealer/service centre) should give its customers individual attention.</td>
<td>1 2 3 4 5</td>
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<tr>
<td>E 19 The employees of the firm (automobile dealer/service centre) should give personal attention to the customers.</td>
<td>1 2 3 4 5</td>
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<tr>
<td>E 20 The employees of the firm (automobile dealer/service centre) should understand the needs of the customers.</td>
<td>1 2 3 4 5</td>
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<td>E 21 The firm (automobile dealer/service centre) should keep the customers’ best interest at heart.</td>
<td>1 2 3 4 5</td>
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<tr>
<td>E 22 The firm (automobile dealer/service centre) should have operating hours highly convenient to its customers.</td>
<td>1 2 3 4 5</td>
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<tr>
<td>P 05</td>
<td>When the firm (automobile dealer/service centre) promises to do something by a certain time, it does so.</td>
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<td>P 06</td>
<td>When customers have problem, the firm (automobile dealer/service centre) is sympathetic and reassuring.</td>
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<td>P 07</td>
<td>The firm (automobile dealer/service centre) is dependable.</td>
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<td>P 08</td>
<td>The firm, (automobile dealer/service centre) provides its service (s) at the time it promises to do so.</td>
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<td>P 09</td>
<td>The firm (automobile dealer/service centre) keeps its records accurately.</td>
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**Responsiveness**

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<th>P 10</th>
<th>The employees of the firm (automobile dealer/service centre) tell exactly when services will be performed.</th>
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<td>P 11</td>
<td>The employees of the firm (automobile dealer/service centre) offer prompt service.</td>
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<td>P 12</td>
<td>The employees of the firm (automobile dealer/service centre) are always willing to help customers.</td>
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<td>P 13</td>
<td>The employees of the firm (automobile dealer/service centre) are never too busy to respond to customers requests.</td>
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**Assurance**

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<thead>
<tr>
<th>P 14</th>
<th>I always trust employees of the firm (automobile dealer/service centre).</th>
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<td>P 15</td>
<td>I always feel safe while transacting with the firm (automobile dealer/service centre).</td>
<td>SD</td>
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<tr>
<td>P 16</td>
<td>Employees of the firm (automobile dealer/service centre) are always polite with you.</td>
<td>SD</td>
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<tr>
<td>P 17</td>
<td>The employees of the firm (automobile dealer/service centre) have enough knowledge to answer your questions.</td>
<td>SD</td>
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</table>

**Empathy**

<table>
<thead>
<tr>
<th>P 18</th>
<th>The firm (automobile dealer/service centre) gives you individual attention.</th>
<th>SD</th>
<th>SA</th>
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<tbody>
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<td></td>
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<tr>
<td>P 19</td>
<td>The employees of the firm (automobile dealer/service centre) give you personal attention.</td>
<td>SD</td>
<td>SA</td>
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<tr>
<td>P 20</td>
<td>The employees of the firm (automobile dealer/service centre) understand your needs.</td>
<td>SD</td>
<td>SA</td>
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<td></td>
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<tr>
<td>P 21</td>
<td>The firm (automobile dealer/service centre) keeps your interest at heart.</td>
<td>SD</td>
<td>SA</td>
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<tr>
<td>P 22</td>
<td>The firm (automobile dealer/service centre) has operating hours highly convenient to you and other customers.</td>
<td>SD</td>
<td>SA</td>
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</table>
PART - II: RELATIONSHIP MARKETING ORIENTATION

DIRECTION: The following set of statement relates to your opinion based on the association you have with selected Automobile firm (Automobile Dealer/Service Centre). Please give your response to show the extent in agreement/disagreement with the statements by circling a number. Once again, circling a 5 means that you strongly agree with the statement, and circling a 1 means that you strongly disagree with the statement. You may circle any of the numbers in the middle that show how strong your opinions are. There are no right or wrong answers—all we are interested in is a number that best shows your opinion towards selected Automobile firm (Automobile Dealer/Service Centre).

| RM 01 | The firm (automobile company/dealer/service centre) is trust worthy. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 02 | The promises made by the firm (automobile company/dealer/service centre) are highly reliable. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 03 | The firm (automobile company/dealer/service centre) provides accurate information. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 04 | The firm (automobile company/dealer/service centre) provides information on time. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 05 | The firm (automobile company/dealer/service centre) openly discusses problems whenever arise in order to offer a solution. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 06 | The firm (automobile company/dealer/service centre) always tries to solve conflicts before they create problems. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 07 | The firm (automobile company/dealer/service centre) always tries to avoid potential conflict. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 08 | I have full confidence in the products and services offered by the firm (automobile company/dealer/service centre). | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 09 | The firm (automobile company/dealer/service centre) provides quick information when there is a new product/service on offer. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 10 | The firm (automobile company/dealer/service centre) is flexible in serving my needs related to automobile services. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 11 | The firm (automobile company/dealer/service centre) offer customized/personalized products/services to meet customers’ requirement. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 12 | My relationship with the firm (automobile company/dealer/service centre) fulfills all my expectations. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 13 | My relationship with this firm (automobile company/dealer/service centre) is pleasurable and remarkable. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 14 | The firm (automobile company/dealer/service centre) shows high degree of professionalism in the relationship. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 15 | The firm (automobile company/dealer/service centre) always meets my objectives. | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 16 | The employees of the firm (automobile company/dealer/service centre) always show | SD | 1 | 2 | 3 | 4 | 5 | SA |
| RM 17 | The firm (automobile company/dealer/service centre) is committed to its customers. | SD 1 2 3 4 5 | SA |
| RM 18 | The firm (automobile company/dealer/service centre) puts maximum effort to maintain long term relationship with the customers. | SD 1 2 3 4 5 | SA |
| RM 19 | The firm (automobile company/dealer/service centre) values and uses customer feedback regarding its products and services. | SD 1 2 3 4 5 | SA |
| RM 20 | The firm (automobile company/dealer/service centre) provides products/services that are highly appealing to its customers. | SD 1 2 3 4 5 | SA |
| RM 21 | The firm (automobile company/dealer/service centre) is prepared to listen customer complaints. | SD 1 2 3 4 5 | SA |
| RM 22 | The firm (automobile company/dealer/service centre) is flexible enough to accommodate my request if any. | SD 1 2 3 4 5 | SA |
| RM 23 | The firm (automobile company/dealer/service centre) sends mail/calls me at different occasions. | SD 1 2 3 4 5 | SA |
| RM 24 | The firm (automobile company/dealer/service centre) demonstrates high level of integrity while dealing with customers. | SD 1 2 3 4 5 | SA |
| RM 25 | The firm (automobile company/dealer/service centre) shows sincere interest in solving customers’ problem on time. | SD 1 2 3 4 5 | SA |
| RM 26 | The firm (automobile company/dealer/service centre) always helps me indentify products/services that suit me best. | SD 1 2 3 4 5 | SA |
| RM 27 | The employees of the firm (automobile company/dealer/service centre) treat customers in a very friendly manner. | SD 1 2 3 4 5 | SA |
| RM 28 | The firm (automobile company/dealer/service centre) tries hard to understand customers’ needs constantly. | SD 1 2 3 4 5 | SA |
| RM 29 | The firm (automobile company/dealer/service centre) has high reputation/ goodwill in the market. | SD 1 2 3 4 5 | SA |
| RM 30 | The firm (automobile company/dealer/service centre) works in close cooperation with customers. | SD 1 2 3 4 5 | SA |
| RM 31 | The firm (automobile company/dealer/service centre) is eager to develop good rapport with its customers. | SD 1 2 3 4 5 | SA |
PART III: CUSTOMER LOYALTY

DIRECTION: The following set of statement relates to your feelings based on the experience you have with selected Automobile firm (Automobile Dealer/Service Centre). Please give your response to show the extent in agreement/disagreement with the statements by circling a number. Once again, circling a 5 means that you strongly agree with the statement, and circling a 1 means that you strongly disagree with the statement. You may circle any of the numbers in the middle that show how strong your opinions are. There are no right or wrong answers—all we are interested in is a number that best shows your feelings towards selected Automobile firm (Automobile Dealer/Service Centre).

| CL 01 | I feel proud to tell others that I am owner of this vehicle. | SD  
| CL 02 | For me, this vehicle is the best alternative among all vehicles available in the market. | SD  
| CL 03 | I will encourage my friends and relatives to do business with this automobile firm. | SD  
| CL 04 | I feel happy to be with this vehicle and automobile manufacturer. | SD  
| CL 05 | I always talk positive about my vehicle and its manufacturer. | SD  
| CL 06 | I will strongly recommend my vehicle and its manufacturer to someone who will ask for my advice. | SD  
| CL 07 | I expect to stay with this vehicle for a long period of time. | SD  
| CL 08 | Whenever I think of vehicles, this vehicle always comes first in my mind. | SD  
| CL 09 | In future, if I would buy another vehicle I will certainly go for another model of vehicle from the same automobile manufacturer. | SD  
| CL 10 | I do not like to shift to another vehicle because I really value the selected vehicle and its manufacturer. | SD  
| CL 11 | I find myself emotionally attached with the vehicle and its manufacturer. | SD  
| CL 12 | I really care for the fate of this automobile company. | SD  
| CL 13 | I have very strong sense of loyalty towards the firm (automobile company/dealer/service centre). | SD  
| CL 14 | I am prepared to pay more for higher quality products/services from this firm (automobile company/dealer/service centre). | SD  
| CL 15 | I am completely satisfied with the products/services offered by this firm (automobile company/dealer/service centre). | SD  
| CL 16 | I am willing to put in extra effort to maintain my association with this firm (automobile company/dealer/service centre). | SD  

Thanks for your time!
Appendix II
Descriptive Statistics
## APPENDIX – II: DESCRIPTIVE STATISTICS

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Statements</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERCEIVED SERVICE QUALITY: CUSTOMERS’ EXPECTATION TOWARDS SERVICE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Tangibles</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E 01</td>
<td>The firm (automobile dealer/service centre) should have up-to-date equipment.</td>
<td>510</td>
<td>4.21</td>
<td>1.161</td>
</tr>
<tr>
<td>E 02</td>
<td>The physical facilities of the firm (automobile dealer/service centre) should be visually appealing.</td>
<td>510</td>
<td>3.98</td>
<td>1.053</td>
</tr>
<tr>
<td>E 03</td>
<td>The employees of the firm (automobile dealer/service centre) should be well dressed and appear neat.</td>
<td>510</td>
<td>3.92</td>
<td>1.141</td>
</tr>
<tr>
<td>E 04</td>
<td>The appearance of the physical facilities of the firm (automobile dealer/service centre) should be in keeping with the type of services provided.</td>
<td>510</td>
<td>3.96</td>
<td>1.081</td>
</tr>
<tr>
<td></td>
<td><strong>Reliability</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E 05</td>
<td>When the firm (automobile dealer/service centre) promises to do something by a certain time, they should do so.</td>
<td>510</td>
<td>4.14</td>
<td>1.096</td>
</tr>
<tr>
<td>E 06</td>
<td>When customers have problem, the firm (automobile dealer/service centre) should be sympathetic and reassuring.</td>
<td>510</td>
<td>4.01</td>
<td>1.072</td>
</tr>
<tr>
<td>E 07</td>
<td>The firm (automobile dealer/service centre) should be dependable.</td>
<td>510</td>
<td>3.77</td>
<td>1.300</td>
</tr>
<tr>
<td>E 08</td>
<td>The firm (automobile dealer/service centre) should provide its service(s) at the time it promises to do so.</td>
<td>510</td>
<td>4.24</td>
<td>1.001</td>
</tr>
<tr>
<td>E 09</td>
<td>The firm (automobile dealer/service centre) should keep its records accurately.</td>
<td>510</td>
<td>4.08</td>
<td>1.101</td>
</tr>
<tr>
<td></td>
<td><strong>Responsiveness</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E 10</td>
<td>The employees of the firm (automobile dealer/service centre) should tell its customers exactly when services will be performed.</td>
<td>510</td>
<td>4.08</td>
<td>1.112</td>
</tr>
<tr>
<td>E 11</td>
<td>The employees of the firm (automobile dealer/service centre) should offer prompt service to the customers.</td>
<td>510</td>
<td>4.07</td>
<td>1.072</td>
</tr>
<tr>
<td>E 12</td>
<td>The employees of the firm (automobile dealer/service centre) should be willing to help customers.</td>
<td>510</td>
<td>4.17</td>
<td>1.024</td>
</tr>
<tr>
<td>E 13</td>
<td>The employees of the firm (automobile dealer/service centre) should never be too busy to respond to customers requests promptly.</td>
<td>510</td>
<td>3.98</td>
<td>1.130</td>
</tr>
<tr>
<td></td>
<td><strong>Assurance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E 14</td>
<td>The customers should be able to trust employees of the firm (automobile dealer/service centre).</td>
<td>510</td>
<td>4.02</td>
<td>1.064</td>
</tr>
<tr>
<td>E 15</td>
<td>The customers should feel safe while transacting with the firm (automobile dealer/service centre).</td>
<td>510</td>
<td>4.01</td>
<td>1.174</td>
</tr>
<tr>
<td>E 16</td>
<td>Employees of the firm (automobile dealer/service centre) should be polite.</td>
<td>510</td>
<td>4.14</td>
<td>1.091</td>
</tr>
<tr>
<td>E 17</td>
<td>The employees of the firm (automobile dealer/service centre) should have enough knowledge to answer the questions of the customers.</td>
<td>510</td>
<td>4.22</td>
<td>1.011</td>
</tr>
<tr>
<td></td>
<td><strong>Empathy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E 18</td>
<td>The firm (automobile dealer/service centre) should give its customers individual attention.</td>
<td>510</td>
<td>3.89</td>
<td>1.166</td>
</tr>
<tr>
<td>Score</td>
<td>Description</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>-------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>510</td>
<td>The employees of the firm (automobile dealer/service centre) should give personal attention to the customers.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>510</td>
<td>The employees of the firm (automobile dealer/service centre) should understand the needs of the customers.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>510</td>
<td>The firm (automobile dealer/service centre) should keep the customers' best interest at heart.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>510</td>
<td>The firm (automobile dealer/service centre) should have operating hours highly convenient to its customers.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PERCEIVED SERVICE QUALITY: CUSTOMERS’ PERCEPTIONS OF SERVICE PERFORMANCE**

### Tangibles

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>510</td>
<td>The firm (automobile dealer/service centre) has up-to-date equipment.</td>
</tr>
<tr>
<td>510</td>
<td>The physical facilities of the firm (automobile dealer/service centre) are visually appealing.</td>
</tr>
<tr>
<td>510</td>
<td>The employees of the firm (automobile dealer/service centre) are well dressed and appear neat.</td>
</tr>
<tr>
<td>510</td>
<td>The appearance of the physical facilities of the firm (automobile dealer/service centre) is in keeping with the type of services provided.</td>
</tr>
</tbody>
</table>

### Reliability

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>510</td>
<td>When the firm (automobile dealer/service centre) promises to do something by a certain time, it does so.</td>
</tr>
<tr>
<td>510</td>
<td>When customers have problems, the firm (automobile dealer/service centre) is sympathetic and reassuring.</td>
</tr>
<tr>
<td>510</td>
<td>The firm (automobile dealer/service centre) is dependable.</td>
</tr>
<tr>
<td>510</td>
<td>The firm (automobile dealer/service centre) provides its service(s) at the time it promises to do so.</td>
</tr>
<tr>
<td>510</td>
<td>The firm (automobile dealer/service centre) keeps its records accurately.</td>
</tr>
</tbody>
</table>

### Responsiveness

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>510</td>
<td>The employees of the firm (automobile dealer/service centre) tell exactly when services will be performed.</td>
</tr>
<tr>
<td>510</td>
<td>The employees of the firm (automobile dealer/service centre) offer prompt service.</td>
</tr>
<tr>
<td>510</td>
<td>The employees of the firm (automobile dealer/service centre) are always willing to help customers.</td>
</tr>
<tr>
<td>510</td>
<td>The employees of the firm (automobile dealer/service centre) are never too busy to respond to customers' requests.</td>
</tr>
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</table>

### Assurance

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>510</td>
<td>I always trust employees of the firm (automobile dealer/service centre).</td>
</tr>
<tr>
<td>510</td>
<td>I always feel safe while transacting with the firm (automobile dealer/service centre).</td>
</tr>
<tr>
<td>510</td>
<td>Employees of the firm (automobile dealer/service centre) are always polite with you.</td>
</tr>
<tr>
<td>510</td>
<td>The employees of the firm (automobile dealer/service centre) have enough knowledge to answer your questions.</td>
</tr>
<tr>
<td>Empathy</td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>---</td>
</tr>
<tr>
<td>P 18</td>
<td>The firm (automobile dealer/service centre) gives you individual attention.</td>
</tr>
<tr>
<td>P 19</td>
<td>The employees of the firm (automobile dealer/service centre) give you personal attention.</td>
</tr>
<tr>
<td>P 20</td>
<td>The employees of the firm (automobile dealer/service centre) understand your needs.</td>
</tr>
<tr>
<td>P 21</td>
<td>The firm (automobile dealer/service centre) keeps your interest at heart.</td>
</tr>
<tr>
<td>P 22</td>
<td>The firm (automobile dealer/service centre) has operating hours highly convenient to you and other customers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RELATIONSHIP MARKETING</th>
<th></th>
<th></th>
<th></th>
</tr>
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<tbody>
<tr>
<td>RM 01</td>
<td>The firm (automobile company/dealer/service centre) is trust worthy.</td>
<td>510</td>
<td>3.83</td>
</tr>
<tr>
<td>RM 02</td>
<td>The promises made by the firm (automobile company/dealer/service centre) are highly reliable.</td>
<td>510</td>
<td>3.70</td>
</tr>
<tr>
<td>RM 03</td>
<td>The firm (automobile company/dealer/service centre) provides accurate information.</td>
<td>510</td>
<td>3.74</td>
</tr>
<tr>
<td>RM 04</td>
<td>The firm (automobile company/dealer/service centre) provides information on time.</td>
<td>510</td>
<td>3.70</td>
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<tr>
<td>RM 05</td>
<td>The firm (automobile company/dealer/service centre) openly discusses problems whenever arise in order to offer a solution.</td>
<td>510</td>
<td>3.50</td>
</tr>
<tr>
<td>RM 06</td>
<td>The firm (automobile company/dealer/service centre) always tries to solve conflicts before they create problems.</td>
<td>510</td>
<td>3.49</td>
</tr>
<tr>
<td>RM 07</td>
<td>The firm (automobile company/dealer/service centre) always tries to avoid potential conflict.</td>
<td>510</td>
<td>3.50</td>
</tr>
<tr>
<td>RM 08</td>
<td>I have full confidence in the products and services offered by the firm (automobile company/dealer/service centre).</td>
<td>510</td>
<td>3.71</td>
</tr>
<tr>
<td>RM 09</td>
<td>The firm (automobile company/dealer/service centre) provides quick information when there is a new product/service on offer.</td>
<td>510</td>
<td>3.53</td>
</tr>
<tr>
<td>RM 10</td>
<td>The firm (automobile company/dealer/service centre) is flexible in serving my needs related to automobile services.</td>
<td>510</td>
<td>3.49</td>
</tr>
<tr>
<td>RM 11</td>
<td>The firm (automobile company/dealer/service centre) offer customized/personalized products/services to meet customers' requirement.</td>
<td>510</td>
<td>3.51</td>
</tr>
<tr>
<td>RM 12</td>
<td>My relationship with the firm (automobile company/dealer/service centre) fulfills all my expectations.</td>
<td>510</td>
<td>3.54</td>
</tr>
<tr>
<td>RM 13</td>
<td>My relationship with this firm (automobile company/dealer/service centre) is pleasurable and remarkable.</td>
<td>510</td>
<td>3.55</td>
</tr>
<tr>
<td>RM 14</td>
<td>The firm (automobile company/dealer/service centre) shows high degree of professionalism in the relationship.</td>
<td>510</td>
<td>3.63</td>
</tr>
<tr>
<td>RM 15</td>
<td>The firm (automobile company/dealer/service centre) always meets my objectives.</td>
<td>510</td>
<td>3.50</td>
</tr>
<tr>
<td>RM 16</td>
<td>The employees of the firm (automobile company/dealer/service centre) always show respect to me.</td>
<td>510</td>
<td>3.84</td>
</tr>
<tr>
<td>-------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>RM 17</td>
<td>The firm (automobile company/dealer/service centre) is committed to its customers.</td>
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<td>3.65</td>
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<tr>
<td>RM 18</td>
<td>The firm (automobile company/dealer/service centre) puts maximum effort to maintain long term relationship with the customers.</td>
<td>510</td>
<td>3.62</td>
</tr>
<tr>
<td>RM 19</td>
<td>The firm (automobile company/dealer/service centre) values and uses customer feedback regarding its products and services.</td>
<td>510</td>
<td>3.57</td>
</tr>
<tr>
<td>RM 20</td>
<td>The firm (automobile company/dealer/service centre) provides products/services that are highly appealing to its customers.</td>
<td>510</td>
<td>3.68</td>
</tr>
<tr>
<td>RM 21</td>
<td>The firm (automobile company/dealer/service centre) is prepared to listen customer complaints.</td>
<td>510</td>
<td>3.70</td>
</tr>
<tr>
<td>RM 22</td>
<td>The firm (automobile company/dealer/service centre) is flexible enough to accommodate my request if any.</td>
<td>510</td>
<td>3.56</td>
</tr>
<tr>
<td>RM 23</td>
<td>The firm (automobile company/dealer/service centre) sends mail/calls me at different occasions.</td>
<td>510</td>
<td>3.08</td>
</tr>
<tr>
<td>RM 24</td>
<td>The firm (automobile company/dealer/service centre) demonstrates high level of integrity while dealing with customers.</td>
<td>510</td>
<td>3.52</td>
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<tr>
<td>RM 25</td>
<td>The firm (automobile company/dealer/service centre) shows sincere interest in solving customers' problem on time.</td>
<td>510</td>
<td>3.60</td>
</tr>
<tr>
<td>RM 26</td>
<td>The firm (automobile company/dealer/service centre) always helps me identify products/services that suit me best.</td>
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<td>3.53</td>
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<tr>
<td>RM 27</td>
<td>The employees of the firm (automobile company/dealer/service centre) treat customers in a very friendly manner.</td>
<td>510</td>
<td>3.63</td>
</tr>
<tr>
<td>RM 28</td>
<td>The firm (automobile company/dealer/service centre) tries hard to understand customers' needs constantly.</td>
<td>510</td>
<td>3.46</td>
</tr>
<tr>
<td>RM 29</td>
<td>The firm (automobile company/dealer/service centre) has high reputation/goodwill in the market.</td>
<td>510</td>
<td>3.91</td>
</tr>
<tr>
<td>RM 30</td>
<td>The firm (automobile company/dealer/service centre) works in close cooperation with customers.</td>
<td>510</td>
<td>3.65</td>
</tr>
<tr>
<td>RM 31</td>
<td>The firm (automobile company/dealer/service centre) is eager to develop good rapport with its customers.</td>
<td>510</td>
<td>3.78</td>
</tr>
</tbody>
</table>

**CUSTOMER LOYALTY**

<table>
<thead>
<tr>
<th>CL 01</th>
<th>I feel proud to tell others that I am owner of this vehicle.</th>
<th>510</th>
<th>3.99</th>
<th>1.240</th>
</tr>
</thead>
<tbody>
<tr>
<td>CL 02</td>
<td>For me, this vehicle is the best alternative among all vehicles available in the market.</td>
<td>510</td>
<td>3.78</td>
<td>1.206</td>
</tr>
<tr>
<td>CL 03</td>
<td>I will encourage my friends and relatives to do business with this automobile firm.</td>
<td>510</td>
<td>3.60</td>
<td>1.183</td>
</tr>
<tr>
<td>CL 04</td>
<td>I feel happy to be with this vehicle and auto manufacturer.</td>
<td>510</td>
<td>3.79</td>
<td>1.094</td>
</tr>
<tr>
<td>CL 05</td>
<td>I always talk positive about my vehicle and its manufacturer.</td>
<td>510</td>
<td>3.86</td>
<td>1.132</td>
</tr>
<tr>
<td>CL 06</td>
<td>I will strongly recommend my vehicle and its manufacturer to someone who will ask for my advice.</td>
<td>510</td>
<td>3.69</td>
<td>1.098</td>
</tr>
<tr>
<td>CL 07</td>
<td>I expect to stay with this vehicle for a long period of time.</td>
<td>510</td>
<td>3.81</td>
<td>1.181</td>
</tr>
<tr>
<td>------</td>
<td>------------------------------------------------------------</td>
<td>-----</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>CL 08</td>
<td>Whenever I think of vehicles, this vehicle always comes first in my mind.</td>
<td>510</td>
<td>3.52</td>
<td>1.244</td>
</tr>
<tr>
<td>CL 09</td>
<td>In future, if I would buy another vehicle I will certainly go for another model of vehicle from the same auto manufacturer.</td>
<td>510</td>
<td>3.50</td>
<td>1.263</td>
</tr>
<tr>
<td>CL 10</td>
<td>I do not like to shift to another vehicle because I really value the selected vehicle and its manufacturer.</td>
<td>510</td>
<td>3.37</td>
<td>1.286</td>
</tr>
<tr>
<td>CL 11</td>
<td>I find myself emotionally attached with the vehicle and its manufacturer.</td>
<td>510</td>
<td>3.46</td>
<td>1.208</td>
</tr>
<tr>
<td>CL 12</td>
<td>I really care for the fate of this automobile company.</td>
<td>510</td>
<td>3.35</td>
<td>1.262</td>
</tr>
<tr>
<td>CL 13</td>
<td>I have very strong sense of loyalty towards the firm (automobile company/dealer/service centre).</td>
<td>510</td>
<td>3.47</td>
<td>1.234</td>
</tr>
<tr>
<td>CL 14</td>
<td>I am prepared to pay more for higher quality products/services from this firm (automobile company/dealer/service centre).</td>
<td>510</td>
<td>3.39</td>
<td>1.268</td>
</tr>
<tr>
<td>CL 15</td>
<td>I am completely satisfied with the products/services offered by this firm (automobile company/dealer/service centre).</td>
<td>510</td>
<td>3.69</td>
<td>1.121</td>
</tr>
<tr>
<td>CL 16</td>
<td>I am willing to put in extra effort to maintain my association with this firm (automobile company/dealer/service centre).</td>
<td>510</td>
<td>3.40</td>
<td>1.235</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td></td>
<td>510</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>