Perceived Customer Service Quality in a Saudi Automotive Company

Minwir Al-Shammari

College of Business Administration
University of Bahrain, Kingdom of Bahrain
minwir@gmail.com

Ahmad SamerKanina

Regional Aftersales Manager, Damam,
Kingdom of Saudi Arabia

Abstract: *This study seeks to examine service quality in the context of automobile industry from customer's point of view using SERVQUL model that has five main dimensions, viz., tangibles, responsiveness, reliability, assurance and empathy. A questionnaire was personally distributed to 120 customers selected randomly from three service locations of a Saudi Automotive Company (SAC) from three geographic locations in Saudi Arabia. The study also concludes that the most important quality dimensions from customer's viewpoint was the reliability and assurance followed by tangibility and responsiveness while the empathy dimension was the least important.*

Introduction

In today's high competitive global market, the importance of the service sector has sharply increased in both the developing and already developed countries. Service providers are primarily focused on delivering superior service quality to achieve high levels of customer satisfaction and loyalty. Loyal customers can increase company's income (Reichheld, 1993); they are more likely to purchase additional products and services (Reichheld, 1996) and they often generate new businesses for the company through word - of - mouth recommendation (Reichheld, 1996). Loyalty is more prevalent among consumers of services than among consumers of goods (Zeithaml et al., 1996). Under the severe competition in the automobile industry, defensive strategies to retain existing customers and to build long term relationship with them are becoming common business tactics. The competitiveness and search for differentiation have called for more attention toward customer satisfaction and increased the researcher's interest on the topic of service quality.

In the past, the main task of automobile service centre's was in performing regular maintenance and fixing cars; however, this no longer applies if they want to survive in the high competitive market at present. A common response to the question of what differentiates one car dealer from another often revolves around the customers' view of quality and the quality of customer service. Good service providers are dedicated to satisfying their customers. Unlike, manufacturing firms, where the quality of the products can be judged objectively by whether it meets technical specifications as per the requirement or as per the request. Service firms provide intangible services where quality is perceived and valued highly by customers. Service quality is becoming more and more important to automobile companies because customers' satisfaction and customer loyalty lead to repeated purchases, which eventually creates business's success and this in turn helps to keep them in the market by ensuring that they always have a certain percentage of the market share.

Objectives of the Study

The objectives of the study are as follows:

- Test the reliability of the service quality instrument.

- Understand the levels of service quality dimensions in SAC.
- Assess the relative importance of each quality dimension for customers.

Conceptual Framework

The revised model of Parasuraman et al. (1985) has been adopted for the study as shown in Figure 1.
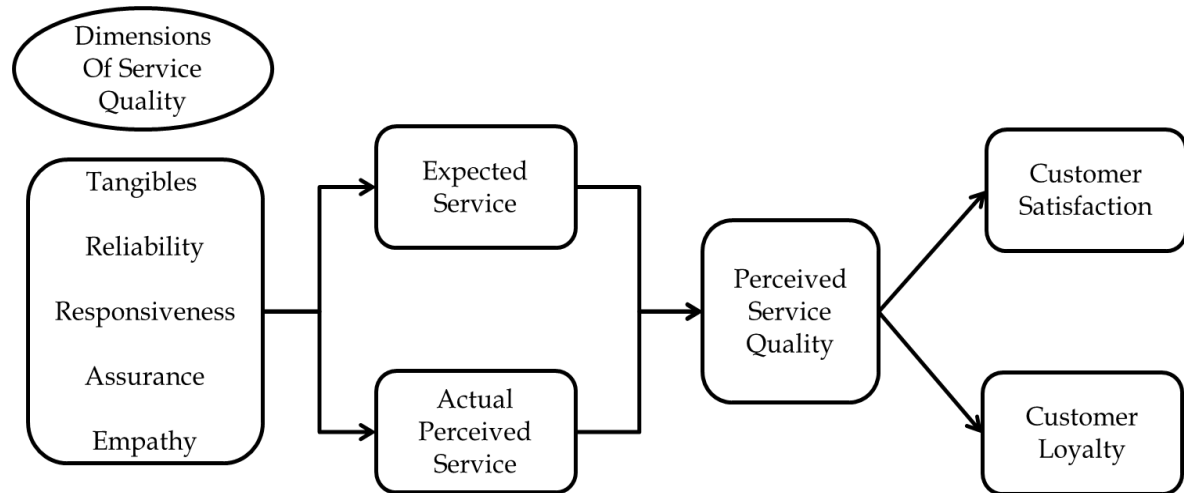
Figure 1. *Conceptual Research Model*

Adapted from Parasuraman, Berry, and Zeithaml (1985) A Conceptual Model of Service Quality and Its Implications for Future Research, *Journal of Marketing,* 94(4), 41-5.

Service Quality

Kotler and Keller (2009) defined service as an act or performance that one party can offer to another that is essentially intangible and doesn't result in the ownership of anything. Its production may or may not be tied to the physical product. Similarly, Tyagi and Gupta(2008) defined service as the experience that the customers feel about the services in the consumption process.

Gronroos (1984) argued that service is an activity of more or less intangible nature that normally, but not necessarily take place in interactions between the customer and service employees or system that provides solutions to customer's problems.

Turban et al.,(2002) defined the service as a series of activities designed to enhance the level of customer satisfaction that is, the feeling that a product or service has met the customer expectation

According to Kotler and Keller (2009), services have four distinctive characteristics: intangibility, inseparability, variability, and perishability. The service is intangible because it can't be seen, touched, smelled or tasted, and it is inseparable because it is produced and consumed simultaneously (Kotler and Keller, 2009).Service is heterogeneous since its quality can't be consistent as it is produced by different employees and at different times. It is also perishable as it can't be stored, returned or resold like other tangible products (Wilson et al.,2008).

Service quality has been defined by various researchers in different ways. For instance, Lehtinen and Lehtinen (1982) defined service quality in terms of physical quality, interactive quality and corporate image quality. He also suggested that when compared with the other two quality dimensions, corporate quality tended to be more stable over time. In the same way, Gronroos (1983) stated that the technical quality, functional quality and reputational quality are the components of service quality where technical quality signifies what the customer gets, and the functional quality is how the customer receives the service.

AlsoLehtinen, (1983) explained service quality in terms of process quality which is judged by the customer during the service and output quality which is judged by the customer after the service has been performed.

Parasuramanet al.,(1985) defined service quality as a consumer attitude reflecting the perceived overall superiority and excellence in the process and outcome of the service provider. In this study, the ten factors were condensed into five: tangibility, reliability, assurance, responsiveness and empathy claiming that these factors are more valid in general terms.

Czepiel, (1990) defined service quality as customer's perception of how well a service meets their expectations Zeithamlet al. (1996) argued that service quality is a critical component of customer perception about the service. Customers perceive services in term of quality and how satisfied they are overall with their experience.

Service Quality in the Automobile Industry

Limited published research has been conducted in service quality, in the automobile industry with respect to the servicing of vehicles. Examples include Stafford and Wells, (1998), Andronikidis and Bellou (2010), Asadollahi, et al. (2011), Shuqin and Gang (2012), Chang, et al. (2012), and Jajaee, et al. (2013).

Stafford and Wells, (1998) conducted an empirical research to study the determinants of service quality and customer satisfaction in an automobile industry. The study results underscored the importance of the reliability component of service quality to improve customer satisfaction.

Andronikidis and Bellou, (2010) examined the alternative measures of service quality construct in Greece automobile service centres. The study indicated that the improvement activities can be implemented after measuring service quality on a regular basis and comparing the actual service delivered with customer expectations.

Asadollahi, et al. (2011) studied service quality and customer satisfaction in automobile aftersales services in three Indian companies. The results revealed a positive relationship between service quality and market share.

Shuqin and Gang (2012) conducted an empirical study on the relationship between aftersales service qualities in China Automobile sector and found that empathy, reliability and convenience have significant positive impact on customer satisfaction while responsiveness doesn't have a significant impact.

Chang, et al. (2012) examined the effects of quality on customer loyalty in Taiwan automobile industry. The results indicated that there is no direct relationship between service quality and customer loyalty.

Jajaee, et al. (2012) studied the perceived service quality in Australian automobile insurance industry and highlighted the importance of measuring service quality to improve performance.

Research Methodology

This chapter explains and justifies the methodological approach used to attain data in order to meet the objectives of the research. The chapter also presents the research design, operational definitions of variables, population of the study, sample and sampling procedure, instrumentation, data collection procedure, scale validity and reliability and data analysis methods

Operational Definitions of Service Quality

Based on the literature review, it was decided to use the SERVQUAL instrument in this research to develop a conceptual model and to measure the service quality level. For the assessment of service quality, the five SERVQUAL dimensions of reliability, responsiveness, assurance, empathy and intangibles promulgated by Parasuraman et al. (1988) are adopted in this research. The conceptual definitions of service quality variables based on the literature review are summarized in Table 1.

Table 1. *Operational Definitions of Service Quality Variables*

Construct	Operational Definition
Service Quality	*Tangibles*: service facilities, equipment, people, planning and implementation of service products.
	Reliability: the ability to deliver promised services in a dependable, accurate manner.
	Responsiveness: the willingness to spontaneously help customers and provide prompt service.
	Assurance: service people with etiquette and expertise are available to help; the ability to inspire customer trust.
	Empathy: customers are treated with special care and attentiveness.

Population and Sample

The population is 16,849 customers as per the data obtained from the sales and marketing department management at SAC. Cluster sampling method was used to select the respondents. The population was divided into three subgroups of elements (customers who visited three branches located in different geographical areas in eastern region of Saudi Arabia).These geographic subgroups were considered internally heterogeneous because they included customers from different strata's (Example: age-educational level…Etc.) and homogeneous between each other.

Due to the large population and also due to cost and time constraints, a smaller-size sample of 140 customers was taken. In total, 140 questionnaires were distributed randomly to customers across the three company's service outlets in the eastern region of Saudi Arabia and equal number of customers from each branch was requested to fill the questionnaire. The random selection at each location was done by using the random numbers table. The valid returned questionnaires were 117 and the response rate was 83.6%.

Empirical Results

Reliability Analysis

Cronbach Alpha test was used for testing the reliability of the research instrument. A pilot study was conducted by distributing questionnaires to 20 customers. The instrument was further refined by incorporating the suggestion and comments of academicians, researchers, practitioners and customers.

Table 2 shows summary of reliability analysis results. Reliability is the extent to which a variable (or set of variables) is consistent in what is intended to measure (Hair et al., 2005). Accordingly, the internal consistency method was used in this study to examine the reliability of each dimension. The internal consistency of each item was tested for inter-correlation and computing Cronbach Alpha by using SPSS. A Cronbach alpha value of 0.70 or above implies strong scale reliability (Cronbach, 1951). Based on test results, all values exceeded the required minimum value of 0.70, keeping in mind that no items were deleted. The thing to note is the standard deviation value ranges from 2 to 5 this say that the respondents who answered the questionnaire had consistency in the evaluation.

Profile of Respondents

The majority of respondents (84%) were GCC nationals, while a small percentage (16%) of respondents were non GCC nationals. The majority of the respondents were above 41 years (47%) while the least percentage of respondents (1%) was in the age of 18 to 20.

The educational level of the highest percentage of respondents (36%) was Bachelor's degree holder. The relative majority of the respondents (38%) were owners who have been having a car at least for 1 to 3 years. The majority of respondents (85%) have visited SAC more than once.

Table 2. *Reliability of the Service Quality Instrument*

Variables	Cronbach Alpha	Mean	S.D
Tangibles	.899	4.47	0.70
Reliability	.923	4.37	0.81
Responsiveness	.941	4.32	0.82
Assurance	.937	4.41	0.79
Empathy	.914	4.28	0.77
Total	**.920**	**4.37**	**0.78**

Service Quality Dimensions at SAC

Tangibles Dimension Level

Table 3 shows the Mean and Standard Deviation for Service Quality in terms of Tangibility. The mean of the Tangibility dimension was 4.47. This means that respondents agree that the service quality is at good level at SAC. This result means that the company's facilities are visually appealing and the company has modern tools, equipment, and technology.

Table 3. *Tangibles of Service Quality: Mean and Standard Deviation*

Statement - Tangibles	Mean Score	Standard Deviation
SAC has modern looking equipment.	4.50	0.82
SAC physical features are visually appealing.	4.54	0.75
SAC reception desk employees are neat appearing.	4.42	0.82
Materials associated with the service are visually appealing at SAC	4.41	0.80

Total	**4.47**	**0.70**

Reliability Dimension Level

Table 4 shows the Mean and Standard Deviation for Service Quality in terms of Reliability. The values are calculated based on the answers from the respondent. The mean of the data after the calculation was 4.37. This means that the respondents agree that the service quality is at good level at SAC as it was able to provide a good level of service quality in terms of reliability to its customers.

Table 4. *Reliability of Service Quality: Mean and Standard Deviation*

Statement - Reliability	*Mean Score*	*Standard Deviation*
When SAC promises to do something by a certain time, it does so.	4.30	0.91
When you have a problem, SAC shows a sincere interest in solving it.	4.38	0.89
SAC performs the service right the first time.	4.34	0.99
SAC provides its service at the time it promises to do so.	4.39	0.95
Total	**4.37**	**0.81**

Responsiveness Dimension Level

Table 5 shows the Mean and Standard Deviation for Service Quality in terms of Responsiveness. The values are calculated based on the answers from the respondent. The mean of the Responsiveness dimension was 4.32. This means that respondents agree that the service quality is at good level at SAC. This result means that the company is able to provide a good level of service quality to its customers in terms of responsiveness.

Table 5. *Responsiveness of Service Quality: Mean and Standard Deviation*

Statement - Responsiveness	*Mean Score*	*Standard Deviation*
SAC employees tell you exactly when the services will be performed.	4.27	0.98

SAC employees give prompt service to its customers	4.33	0.86
SAC employees are always willing to help you.	4.37	0.84
SAC employees are never too busy to respond to your request.	4.30	0.88
Total	**4.32**	**0.82**

Assurance Dimension Level

Table 6 shows the Mean and Standard Deviation for Service Quality in terms of Assurance. Table 13 below shows the Scale of Service Quality level in terms of Assurance based on the data collected from the respondents. The mean of the data after the calculation was 4.41. This means that the respondents agree that the service quality is at good level at SAC. The researcher was able to understand that the company is able to provide a good level of service quality in terms of assurance to its customers.

Table 6. *Assurance of Service Quality: Mean and Standard Deviation*

| *Statement - Responsiveness*	*Mean Score*	*Standard Deviation*
The behaviour of SAC employees instils confidence in you.	4.42	0.90
You feel safe in your transactions with the SAC	4.44	0.89
SAC employees are consistently courteous with you.	4.45	0.80
SAC employees have the knowledge to answer your questions.	4.31	0.87
Total	**4.41**	**0.79**

Empathy Dimension Level

Table 7 below shows the Mean and Standard Deviation for Service Quality in terms of Empathy. The values are calculated based on the answers from the respondent. The mean of the Empathy dimension was 4.28. This means that the respondents agree that the service quality is at good level at SAC and that the company is able to provide good attention and service quality in terms of empathy to its customers.

Table 7. *Empathy of Service Quality: Mean and Standard Deviation*

Statement - Responsiveness	Mean Score	Standard Deviation
SAC employees give you individual attention.	4.34	0.84
SAC has operating hours convenient to all its customers.	4.63	0.77
SAC employees give personal attention to its customers.	4.26	0.85
SAC has your best interests at heart.	4.06	1.02
Total	**4.28**	**0.77**

Relative Importance of Quality Dimensions for Customers

Figure 2 shows the relative importance of the service quality dimension for the customers. Based on the analysis the researcher can say that majority of the respondent's i.e. 24% feel that Reliability and Assurance dimensions are the most important for them while Empathy i.e. 14% from the organization is of least importance to them.
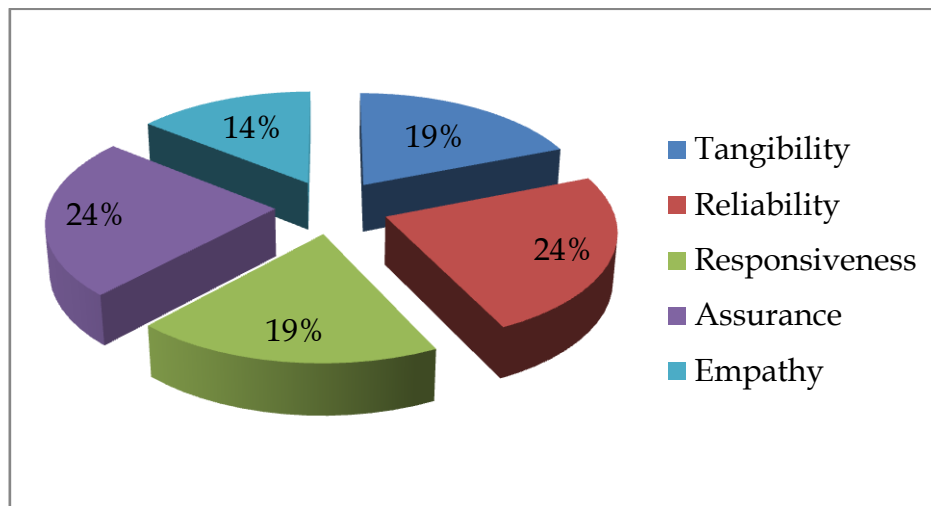
Figure 2. *Importance of Each Quality Dimension*

Conclusion

The service quality was tested and reviewed using the SERVQUAL. The data for this was collected through questionnaires that were distributed to the customers of the organization in random. It was found that the respondents evaluated SAC positively in terms of service quality, since most of the customers were getting the service close to their expectation. However, room for improvement is always present in any organization, and in this case three factors: responsiveness, reliability and empathy can be improved further. The finding also helped to understand that the

majority of SAC customers are highly satisfied and are loyal to the organization. This is definitely beneficial for SAC in order to stay ahead of its competitors and grow its market share.

SAC has to ensure that in the present day where competition is severe and market is tight, customer demands and expectations are constantly met. Continuous improvement in service quality will enables SAC to stay ahead of its competitors.

Systematic and periodic assessment of service quality is essential to determine the strength and weakness areas. Acting proactively on this places the company in advantageous position. It is also important that SAC should not do assessment extremely as this might result in customers losing their motivation to answer correctly

In terms of reliability and convenience, it is advised that SAC comes up with a special express maintenance programs to reduce the turnaround time for periodic service maintenances to finish the service in a record time. SAC can take advantage of its appointment system to organize this process.

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AUTHORS' BIOGRAPHY

Minwir Al-Shammari is a professor of Management and Dean of the Business Administration College at the University of Bahrain. He has been involved for about 25 years in teaching, research, training, and/or consultancy in the areas of operations management, knowledge management, supply chain management, strategic management, business process re-engineering, project management, Spread sheet modeling, and research methodology. He served as a member of a number of national, regional, and international professional associations. He received a number of local, regional, and international research awards, grants, and scholarships. He served as a consultant to the UN on a Knowledge Management project in the ESCWA region. He served on the editorial boards of a number of refereed international publications. He has authored/co-authored over 40 research papers.

Ahmad Samer Kanina is a Regional Aftersales Manager, Damam, Kingdom of Saudi Arabia. He holds a Bachelor's Degree in Mechanical Engineering and a master of Business Administration from University of Bahrain in 2014.