STUDY CONCERNING CUSTOMERS' LOYALTY IN THE AUTO MARKET

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Abstract:
In this paper we made an analysis of the loyalty in the auto market. We selected a sample from the residents of Craiova and asked them about their intentions concerning satisfaction, repurchase and recommendation regarding their cars. We used as auto market as the base of our study, since the car industry is very attractive to customers. We documented some correlation among the three dimensions of the loyalty. At the applicative level we found out that the loyalty toward the German cars is much higher than the loyalty for the cars from other countries. Further studies are needed to investigate the complex dimensions of the loyalty in-depth.

Keywords: customers' loyalty, dimension of loyalty, auto industry.

Theoretical background

Loyalty was an intense studied concept in the marketing literature. Loyalty was approached as a single-dimension or as multidimensional concept (Bennett and Bove 2002). An influential study in this respect was that of Sheth and Park (1974). They admitted three dimensions of the loyalty: emotive tendency, evaluative tendency and behavioural tendency.

For Jones and Taylor (2007) the loyalty is conceptualized as a three-dimensional item: cognitive, attitudinal, and behavioral. Behaviour is the result of positive cognitive and attitudinal factors.

The loyalty toward a brand or a company can lead to the competitive advantage in many cases. It is proven that the loyalty of the existing customers is much profitable than the process of acquiring new ones. Another advocate of the loyalty is the fact that it might represent a strong barrier against the competition. A strong loyalty to the brand can offer the company the necessary time to protect itself from the competition moves (Aaker 2005). The managers must try to maintain long term relationship with their customers as a mean to increase the profitability of their companies (Bilal 2010). Customer loyalty can lead to a favourable attitude towards the service provider (Jain, Pinson and Malhotra 1987) enabling consumer to consumer marketing (Gremler and Brown 1997). Loyalty to the brand is an important factor explaining the future buying intentions.

Research methodology

Objective of the study

We studied the dimensions of loyalty and for that we referred to the auto brands. We used the auto brands because they are a popular item among consumers. We investigated the three dimensions of the loyalty: satisfaction, re-acquisition and recommendation. Our objective is to see if there are any correlations among the three dimensions of the loyalty.

Customer satisfaction is the feeling of a customer towards a product/service after using it and is am important explanation of tendency to purchase again in future (Jamal & Naser, 2002). Customers should not be satisfied with the product for life, they should be taught to love the brand and the new products released under that brand. Customer repurchase is the act of repeatedly acquiring the product as a consequence of their satisfaction. Customer recommendation is the act of providing references about the product/service to other consumers without any mercantile intentions.

Selection of the sample

The sample was selected from the population of Craiova. Budget and logistical constraints have not permitted the extension of the sample in other geographical areas. The sampling was represented by the population aged 18-70 years, who has a driving license, owning a car or not. I considered that the holders of driving licenses are or will be customers in the car market, so from this public category the final sample will have to be removed.

The method of sample selection was a combination of random route method and quota method. This way, I considered the districts of the Municipality of Craiova and for each district I have considered a number 1, 2 or 3 tracks, depending on the size of the population of that district. In order to complete the enquiry, we asked the students of the Faculty of Economics and Business Administration, University of Craiova. The students signed up voluntarily and received rewards for their work regarding school activity. In total we selected 60 interviewers who were divided into two-person teams in order to prevent ethical problems and personal security, in total 30 teams are available.

For data collection we allocated a two weeks term. We obtained an initial number of 624 enquiries. We allocated one week in order to validate the enquiries. By the survey, we checked a number of 60 enquiries, 10% of the total, by calling the people listed as respondents. Where we have identified disparities, we also called other respondents than those enquired from that team. Only in case of a team, we had to cancel 14 enquiries. A total of 17 enquiries were cancelled because they were incomplete. The final sample had a total of 593 respondents.

538 respondents in the sample are car owners. A total of 55 respondents do not currently have a car. Table 1 shows the percentage of brands in the sample.

Results of the study

We wanted to know in what extent car owners are satisfied with the cars they have. Thus, we addressed a block of three questions, car owners, "How satisfied are you with this car?" "When will you change the car, will you purchase the same brand?", "Do you recommend the brand of car that you drive to other persons? ". Respondents were asked to place their answers on a scale of one to five. The descriptive analysis for variable "satisfaction" is detailed in Table 2, taking account all brands in the sample, N = 538.

Table 1

Percentage of brands in the sample

	Brand	No. of cars	Percentage
1	DACIA	142	26.39%
2	VOLKSWAGEN	61	11.34%
3	OPEL	70	13.01%
4	FORD	40	7.43%
5	RENAULT	31	5.76%
6	DAEWOO	58	10.78%
7	SKODA	24	4.46%
8	AUDI	13	2.42%
9	PEUGEOT	16	2.97%
10	BMW	16	2.97%
11	FIAT	8	1.49%
12	MERCEDES-BENZ	8	1.49%
13	HYUNDAI	10	1.86%
14	TOYOTA	11	2.04%
15	Other brands	30	5.58%
	TOTAL	538	100%

Table 2

Descriptive statistics of variable satisfaction regarding the car owned

	N	Minimum	Maximum	Mean	Std. Deviation
Satisfaction	538	1	5	4.22	.962
Valid N	538				

We want to see if there is a difference between existing brands. We kept only the brands which obtained 30 responses, so that we can have samples of comparable size. It is noted that there are differences in appreciation; the more satisfied are the customers of the company VW (Table 3).

H1: Holders of VW cars are more satisfied with their car than other car owners.

Table 3

Descriptive statistics for selected car brands

Satisfaction	N	Mean	Standard deviation
Dacia	142	3.89	1.099
Daewoo	58	3.86	.999
Ford	39	4.26	.850
Opel	70	4.34	.915
Renault	31	4.32	1.137
VW	61	4.52	.698
Total	401	4.13	1.009

In order to see if these differences are significant, we realized the Anova test. (F (6.401) = 5.602, p = 0.00). The result shows that the differences of appreciation in relation to the car owned satisfaction are statistically significant, so VW car owners are more satisfied than other cars. Hypothesis H1 is validated (Table 4).

Table 4

ANOVA results for Satisfaction variable

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	26.968	5	5.394	5.602	.000
Within Groups	380.288	395	.963		
Total	407.257	400			

Another dimension of loyalty refers to the manifestation of intention to buy the same brand. Our study showed that the mean of repurchase intentions is much smaller than the satisfaction on the owned car (Table 5). The mean related to repurchase intention is 3.08.

Table 5

Descriptive statistics of repurchase intention

	N	Minimum	Maximum	Mean	Std. Deviation
Repurchase	538	1.00	5.00	3.08	1.43
Valid N	538				

On brands, the differences are even more categorical. The worst result is for Daewoo brand that no longer exists. It is obvious that its repurchase is no longer desired. The highest intention for repurchase is observed for Volkswagen brand. We can thus formulate the following hypothesis:

H2: Volkswagen brand owners manifest an intention to repurchase more pronounced than other brands owners.

Table 6

Descriptive statistics for selected car brands

Repurchase	N	Mean	Std. Deviation
Dacia	142	2.61	1.45735
Daewoo	58	1.94	1.14589
Ford	39	2.71	1.23435
Opel	70	3.70	1.04048
Renault	31	3.03	1.19677
VW	61	3.86	1.33511
Total	401	2.94	1.43499

ANOVA test (Table 7) shows that there are statistically significant differences between the mean of repurchase intentions of different brands (F (6.401) = 20.069, p = 0.000). Therefore, H2 hypothesis is validated, those who drove a VW are happy and willing to repurchase the same brand, in a greater extent than other brands of car owners.

Table 7

ANOVA results for Repurchase variable

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	166.855	5	33.371	20.069	.000
Within Groups	656.826	395	1.663		
Total	823.681	400			

The third dimension of customer loyalty is the recommendation. Customers satisfied with a product, recommend disinterestedly to their friends to use that product, talk with others about this product, expresses satisfaction and contentment. Descriptive statistics for recommendation is detailed in Table 8. The mean recommendation for all brands is 3.97.

Table 8

Descriptive Statistics of Recommendation

	N	Minimum	Maximum	Mean	Std. Deviation
Recommendation	538	1.00	5.00	3.97	1.17
Valid N (listwise)	538				

Regarding the differences between means for brands with comparable sizes of sample, we find that those who talk most about their car and recommend it to friends are owners of VW (4.40), followed by Opel (4.25) and Renault (4.16) owners. Those who talk the least about their brand are the owners of Dacia (3.43). We formulate the following hypothesis:

H3: VW brand customers are more likely to recommend the brand to others, than respondents holding other brands.

Table 9

Descriptive statistics for selected car brands

Recommendation	N	Mean	Std. Deviation
Dacia	142	3.43	1.34462
Daewoo	58	3.46	1.21706
Ford	39	3.97	1.20279
Opel	70	4.25	.86285
Renault	31	4.12	1.25809
VW	61	4.40	.86366
Total	401	3.83	1.22929

Following ANOVA test, it is found that, statistically, there is a significant difference between car owners on the recommendations of others (F (6.401) = 9.769, p = 0.000), so the hypothesis H3 is validated, VW customers are speakers of the brand.

Table 10

ANOVA results for the variable Recommendation

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	66.519	5	13.304	9.769	.000
Within Groups	537.944	395	1.362		
Total	604.464	400			

Comparing the results for all three dimensions of loyalty, it is found that satisfaction for the brand has the best score, followed by the recommendation and repurchase intentions. An explanation for lower repurchase score could be that most buyers seek to acquire such aspiration brands like Mercedes, BMW, etc. (Table 11).

Table 11

Comparative scores for variables that test loyalty

	Satisfaction	**Repurchase**	**Recommendation**
VW	4.52	3.86	4.40
Total	4.22	3.08	3.97

In order to analyze the link between the three dimensions of loyalty, namely satisfaction, repurchase and recommendation, we made an analysis of the correlation between the three variables. The results are shown in Table 12.

Table 12

The correlation satisfaction-repurchase- recommendation

		Satisfaction	Repurchase	Recommendation
Satisfaction	Pearson Correlation	1	.376**	.536**
	Sig. (2-tailed)		.000	.000
	N	538	538	538
Repurchase	Pearson Correlation	.376**	1	.522**
	Sig. (2-tailed)	.000		.000
	N	538	538	538
Recommendation	Pearson Correlation	.536**	.522**	1
	Sig. (2-tailed)	.000	.000	
	N	538	538	538

**. Correlation is significant at the 0.01 level (2-tailed).

H4: There is a link between customer satisfaction and positive recommendations for the brand owned

The obtained results show that between the three analyzed variables are statistically significant correlations. Thus between satisfaction and repurchase R2 = 0.376, between satisfaction and recommendation R2 = 0.536 and between recommendation and repurchase R2 = 0.522. The three dimensions of customer loyalty are interrelated. Hypothesis H4 is checked, more satisfied customers speak in glowing terms about brands they own (Figure 1).

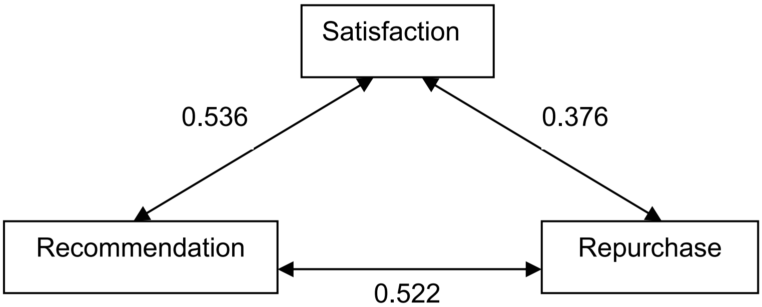

Figure 1. The correlation between the dimensions of customer loyalty

Conclusions

The results of our study show that loyalty is a powerful marketing tool. Among the three dimensions of loyalty approached in our paper, namely satisfaction, repurchase and recommendation we found to be a certain correlation. Further studies are needed to investigate related dimensions of the loyalty. From the theoretical point of view, loyalty is a complex concept, consisting of multi-dimensional facets. Our research showed that satisfaction and recommendation and repurchase and recommendation are in a good correlation. Our applicative approach to the auto industry showed that the loyalty to the Germans car is higher than the loyalty to cars from other country. This can be an explanation for the success of German cars' brands in recent years, compared with the downturn for the other brands. We recommend to all the companies to research and to investigate the loyalty of their customers, and then to deploy all means to enhance the loyalty.

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