

CUSTOMER SATISFACTION ON TATA MOTOR'S VEHICLES IN POKHARA VALLEY

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Abstract

Customer satisfaction is considered as a fundamental business strategy to acquire and retain customers. The automobile industry in Nepal has been gradually increasing. This study aimed to find out the major factors affecting customer satisfaction towards Tata Motor's vehicles in Pokhara valley, Nepal. The study followed descriptive and cross-sectional research design. Survey method using researcher-administered questionnaire was used for data collection. The target population of the study were the users of Tata vehicle in Pokhara Valley and 150 sample was taken for this study using convenience technique. Different statistical tools such as descriptive statistics, exploratory factor analysis, correlation analysis, and regression analysis were used in this study. This study found that safety things, fuel efficiency, and after sales service of vehicle are major things considered by the buyers of vehicles. This study extracted five important factors- brand value proposition, financial rationalization, networking and relationship marketing, sales promotion and customized product design related to buying decision of vehicle and concluded that brand value proposition, sales promotion, and financial rationalization are the important factors affecting customers' satisfaction. In this regard, further research can be carried out taking different automobile industries and comparative study can be done as in Nepal in this topic.

Keywords: Customer satisfaction, Tata motor, brand value, sales promotion, financial rationale

I. Introduction

Customers are the lifeblood of any business, so they must be treated as the king of the market. Profit, position, reputation, and other factors as well as the customers' behavior all have a role in how well a business does (Lata et al., 2017). Customers are crucial to the success of the business, and when they are happy, they stay with the company for a long time (Rohith, 2016). It is indicated that the study of consumer satisfaction is one of the subsets of human behavior because it holds great interest for researchers as well as marketers to comprehend the factors that influence what is purchased, why it is purchased, how it is purchased, and what are the internal and external influences that led to purchase (Pachua & Thanzauva, 2021). The demand for automobiles in Nepal is increasing due to rising affordability and disposable income of Nepalese, particularly due to remittances and real estate business (Fresenius, 2019). The automotive industry is one of the most important sectors in the world, as it enables both developed and developing countries to grow steadily, accelerates technological advancements, and aids the growth of many other industries. The automotive industry, which accounts for about 5% of the global economy and has a total value of about \$4 trillion, is the world's fourth largest economy. Talking about Nepal, the Nepalese market is modest, as the country's entire territory is small and the market is dispersed. Customer happiness is seen as a fundamental business strategy to acquire and retain customers in such situations, as businesses fight for customers. It is well known that happy customers lead to higher economic returns, which leads to increased customer loyalty. Tata Motors Limited is

India's largest automaker, with operations in more than 40 countries around the world. Sipradi Trading Private Ltd. has been a strong and dedicated partner of Tata Motors in Nepal since 1982. Among the 26 automobile companies in Nepal, Tata has the third highest market share (12.4 percent) in Passenger Vehicles (International Business, 2018). There is a massive increase in the demands of Tata vehicles in Nepal. Despite of high demand of Tata vehicles in Nepal, whether the customers are satisfied or not with the Tata vehicles is yet to be identified. So, this study attempts to identify the factors considered by the customer before buying the vehicle and measure the customer's satisfaction towards the Tata vehicles in Pokhara, Nepal. Enhancing customer satisfaction has become the important factor for organization these days. All organizations have taken this as major part of their business. The main reason for considering it is to enhance and have a long business period. Customer happiness has a number of advantages for businesses. It serves as a point of differentiation, lowers client turnover, boosts customer lifetime value, and lowers negative word of mouth. Furthermore, the cost of acquiring a new customer is five times costlier than that of keeping an existing one (Landis, 2022). Customer happiness is seen as a crucial differentiator and has gradually become a key component of corporate strategy in a competitive market where organizations compete for clients. Therefore, managing customer satisfaction successfully is crucial for businesses (Mehrish et al., 2016). There are significant number of studies that were conducted on this topic in the developing and developed nations (Amineh & Kosach, 2016; Haq, 2012; Selvaraj et al., 2020; Mathankumar & Velmurugan, 2016). But in the context of Nepal, there are very few studies. Thus, this research study is aimed to identify the major factors affecting customer satisfaction towards Tata Motor's vehicles in Pokhara valley, Nepal. This study also provides suggestions to the industry stakeholders on how to get customer satisfaction.

II. Literature Review

Professor Noriaki Kano established the Kano model of customer satisfaction in the 1980s. The model elucidates the nonlinear link between product quality and customer happiness. That model divides product attributes into four categories depending on how customers perceive them and how they affect customer satisfaction (Rotar & Kozar, 2017). The four categories are: threshold, performance, excitement, and indifference. Threshold Attributes are the characteristics that people anticipate from a product or service, making them "musts." More is better when it comes to performance aspects. Better fulfilment results in a linear increase in customer happiness, whereas the absence or poor performance of these criteria reduces customer contentment (Dreessen & Elfers, 2017). Excitement traits are typically unanticipated and customers do not convey openly. The existence of these features thrills customers and leads to high levels of pleasure. However, the lack of these qualities does not result in discontent. Indifferent attributes are the product characteristics that do not fit neatly into any of the three categories mentioned above. Because they are of little or no value to the customer. They have an impact on how people make decisions.

Sharm et al. (2011) identified that customers are delighted with the car's safety features and the discounts offered by the dealers. Further the study found that customers are satisfied with Tata commercial cars, because of their superior quality, brand image, ease of access to service stations, and spare part quality, among other factors. Dua and Savita (2013) conducted a study to measure customer satisfaction and key factor that affects customer satisfaction of Tata vehicles. The study argued that customers are largely satisfied with Tata Motors' cost, design, range, safety, inner space, brand status, comfort, spare parts, and after-sales service, according to the report, with price, mileage, and interior space being the most influencing factors.

Goyal and Singh (2019) found that customer satisfaction is the most critical aspect in purchasing passenger cars and receiving after-sales services. Customer satisfaction is influenced by a variety of elements, including salesperson behaviour, service quality, level of satisfaction, and so on. Opata et al. (2020) revealed that the two antecedents, willingness and ability, both have a positive moderation effect on co-creation; co-creation also has a considerable impact on customer satisfaction; price fairness perception and service convenience both have a positive moderation effect on customer satisfaction. Giri and Thapa (2018) concluded that after-sales service and the behaviour of technicians have a greater influence on customer satisfaction. Customer happiness is heavily influenced by behavioural characteristics. Customer expectations, according to Haq (2012), have a direct beneficial impact on perceived value and an indirect positive impact on customer satisfaction. He also found that customer education plays an essential and positive impact in satisfying customers

III. Methodology

The study was descriptive and cross-sectional. Survey method using researcher-administered questionnaire was used for data collection. The target population of the study were the users of Tata vehicle in Pokhara valley and 150 respondents were taken as sample for this study using convenience sampling technique. To collect the required data, the researchers visited the Tata Vehicles' traders and service centers in Pokhara valley and data were collected from customer who had visited there during the study period. Different statistical tools such as frequency counts and percentages of all socio-cultural characteristics, mean, standard deviation (SD), exploratory factor analysis, correlation analysis, and regression analysis was computed using IBM SPSS Statistics for Windows. In the study, the researchers used 24 different indicators to measure the factors affecting the buying decision of vehicle. All these items consisted of 5-points Likert scale where 1 denotes strongly unimportant and 5 denotes strongly important. Exploratory factor analysis (EFA) was used to extract the important factors. Factor loading (communalities) was computed to determine the each variable's variance. All the items which met the minimum acceptable limit of 0.5 and did not have cross loading on more than one factors were considered for EFA. Then correlation analysis and regression analysis was calculated using the factors extracted from EFA and customer satisfaction.

IV. Results and Discussion

4.1 Socio-Cultural Characteristics

The socio-cultural characteristics of the respondents based on their gender, age, family income, education, marital status, occupation status, purpose of buying vehicle and medium of knowing Tata vehicle is presented in Table 1.

Table 1
Socio-Cultural Characteristics of Respondents

Variables	Freq.	%	Variables	Freq.	%
Gender			Marital status of respondents		
Male	137	91.3	Single	25	16.7
Female	13	8.7	Married	125	83.3
Age of respondents			Occupation status		
Below 25 years	5	3.3	Business Person	100	66.7
25 to 30 years	32	21.3	Government Employee	13	8.7
Above 30 years	113	75.3	Private Employee	37	24.7

Family income per month			Purpose of Buying Vehicle		
Less than 50000	27	18.0	Commercial	107	71.3
50000-100000	76	50.7	Personal	43	28.7
More than 100000	47	31.3			
Education level			Medium of knowing Tata vehicle		
Below 10+2	36	24.0	Friends	34	22.7
10+2	46	30.7	Advertisement	32	21.3
Bachelor	37	24.7	Activities/Promotion	16	10.7
Above bachelor	31	20.7	Family member	18	12.0
			Self Interest	43	28.7
			Others	7	4.7
Total	150	100.0	Total	150	100.0

Table 1 reveals that majority of the respondents having Tata vehicle are males (91.3%) whereas, only 8.7 percent are females. Age-wise, the majority of respondents above 30 years (75.3 %) and income-wise, majority of respondents having monthly income of Rs.50000 to Rs.100,000 (50.7%) are having Tata vehicle. Similarly, majority of married respondents (83.3%), occupation-wise majority of business person (66.7%), and purpose-wise majority for commercial purpose (71.3%) purchase Tata vehicle. Moreover, education-wise and medium of knowing Tata vehicle, there is no much difference in the percentage of respondents in different classes having Tata vehicle.

4.2 Mean Score of Items

The perception of respondents toward factors affecting the buying decision of vehicle is measured using 5-points Likert Scale in different 24 items such as price, mileage, looks, safety, brand, advertisement, origin, etc. The mean score of respondents on these items are given in Table 2.

Table 2
Mean score of variables

Variables	Mean	SD
Price	3.72	1.11
Mileage	3.91	0.94
Looks	3.67	0.92
Safety	3.94	0.83
After sales service	3.87	0.94
Status symbol	3.64	0.94
Value for money	3.63	1.02
Financing facility	3.66	1.15
Bank interest rate	3.62	1.07
Advertisement and promotion	3.45	1.01
Brand name	3.35	1.08
Family needs	3.41	1.04
Income level	3.56	0.95
Offer and schemes	3.55	1.08
Festive season	3.47	1.08

Special occasions	3.26	1.06
Availability of spare parts and their cost	3.56	1.23
Discounts	3.40	1.09
Suggestion from friends and other	3.59	1.17
Resale value	3.74	1.23
Location / Network of brand	3.82	1.02
Colour	3.53	1.08
Size	3.69	0.91
Country of origin	3.70	1.21

(Where N=150, 1=strongly unimportant, 3=neutral and 5=strongly important)

Table 2 reveals that all these items used to measure factors affecting the buying decision of vehicle by the respondents are important for purchase decision which is denoted by the mean score more than the average value of 3. Among these, most important variable is safety (mean score of 3.94) followed by mileage (mean score of 3.91), and after sales service (mean score of 3.87). Other highly important variables are network of brand, resale value, price, and country of origin.

4.3 Exploratory Factor Analysis

An exploratory factor analysis (EFA) is run using principal component as extraction method and with a varimax rotation using SPSS with the aim of simplifying the large number indicators to a few representative constructs (Ho, 2006). In this study, initially factor loading is calculated using 24 different items that are related to purchase decision of vehicle. The items which have factor loading of more than 0.50 were considered for further analysis. The result of factor loading is presented in Table 3. In this study all items have factor loading >0.50 and hence are accepted for further analysis.

Table 3
Communalities

Variables	Initial	Extraction
Price	1.000	.794
Mileage	1.000	.752
Looks	1.000	.726
Safety	1.000	.684
After sales service	1.000	.694
Status Symbol	1.000	.719
Value for money	1.000	.750
Financing facility	1.000	.754
Bank interest rate	1.000	.726
Advertisement and Promotion	1.000	.668
Brand Name	1.000	.627
Family needs	1.000	.656
Income level	1.000	.630
Offer and Schemes	1.000	.635
Festive season	1.000	.776

Special Occasions	1.000	.656
Availability of spare parts and their cost	1.000	.779
Discounts	1.000	.753
Suggestion from friends and other	1.000	.647
Resale value	1.000	.794
Network of brand	1.000	.682
Color	1.000	.669
Size	1.000	.591
Country of origin	1.000	.539

Appropriateness of factor analysis is confirmed using Kaiser–Meyer–Olkin (KMO) and Bartlett’s test of sphericity. Kaiser–Meyer–Olkin (KMO) is used to measure the overall sampling adequacy and the acceptable values are greater than 0.5 (Kaiser, 1974). In this study, the sample adequacy is good as the KMO value is 0.885, which is above than the required limit. Similarly, the value for Bartlett’s test of sphericity is 2532.518 and the p-value is significant at 1 percent level. This measurement reveals that there is a highly significant connection among the items used in the study. Table 4 shows the results of the KMO-Bartlett’s test.

Table 4

Results of KMO-Bartlett’s test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.885
	Approx. Chi-Square	2532.518
Bartlett's Test of Sphericity	Df	276
	Sig.	0.000

Further varimax rotation is used for extraction of factors. From 24 items, one item- income level is removed because of cross-loading on two factors and further 23 items are used for exploratory factor analysis. The results of factor extraction, its items, the total variance explained by different factors are shown in Table 5.

Table 5

Results of Exploratory Factor Analysis

S. N.	Factor Extracted	Components	% of variance	Cumulative variance
1	Brand value proposition	Price, Mileage, Looks, Safety, After sales service, Brand name	18.22	18.22
2	Financial rationalization	Status Symbol, Value for money, Financing facility, Bank Interest rate	16.657	34.877
3	Networking and relationship marketing	Advertisement and Promotion, Family needs, Discounts, Suggestion from friends and others, Resale value, Network of brand	15.257	50.134
4	Sales promotion	Offer and Schemes, Festive season, Special Occasions, Availability of spare parts	13.133	63.267
5	Customized product design	Color, Size, Country of origin	6.326	69.593

The exploratory factor analysis extracted five factors which all together give 69.593 percent of total variance loading. These factors are named as brand value proposition, financial rationalization, networking and relationship marketing, sales promotion and customized product design. The brand value proposition comprises of 6 items- price, mileage, looks, safety, after sales service, brand name explains 18.22 percent of variance. The financial rationalization comprises of 4 items- status symbol, value for money, financing facility, bank interest rate explains 16.66 percent of variance. The networking and relationship marketing comprises of 6 items- advertisement and promotion, family needs, discounts, suggestion from friends and others, resale value, network of brand explains 15.26 percent of variance. The sales promotion comprises of 4 items- offer and schemes, festive season, special occasions, availability of spare parts explains 13.13 percent of variance and the customized product design comprises of 3 items- color, size, country of origin explains 6.33 percent of variance.

4.4 Correlation Analysis

The correlation between customer satisfaction and other variables such as brand value proposition, financial rationalization, networking and relationship marketing, sales promotion, and customized product design is presented in Table 6.

Table 6
Correlation analysis

Variables	CS	BVP	FR	N&RM	SP	CPD
CS	1					
BVP	.602**	1				
FR	.274**	.557**	1			
N&RM	.415**	.658**	.655**	1		
SP	.449**	.533**	.597**	.622**	1	
CPD	.276**	.275**	.367**	.453**	.420**	1

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

(Where, CS is customer satisfaction, BVP is brand value proposition, FR is financial rationalization, N&RM is networking and relationship marketing, SP is sales promotion and CPD is customized product design)

Table 6 reveals that there is significant positive correlation between customer satisfaction as dependent variable with all independent variables such as brand value proposition, financial rationalization, networking and relationship marketing, sales promotion, and customized product design. The correlation of customer satisfaction with brand value proposition, networking and relationship marketing, and sales promotion is moderate as the correlation coefficient is between 0.3 to 0.7 whereas, the correlation of customer satisfaction with financial rationalization and customized product design is low as the correlation coefficient is less than 0.3.

4.5 Regression analysis

Multiple regression model is used for identifying the factors that affect the customer satisfaction toward TATA motor's vehicle in Pokhara Valley. Variance inflation factor (VIF) is used to check the multicollinearity. The VIF values are less than 5, which indicates that there is no issue of multicollinearity between the independent variables. In this study customer's satisfaction is considered as dependent variable and five other indicators that are extracted from the exploratory factor analysis- brand value proposition, financial rationalization, networking and relationship

marketing, sale promotion and customized product design are considered as independent variables. The results of regression model are depicted in Table 7.

Table 7
Output of Regression Analysis

Variables	Dependent variable: Customers' Satisfaction		Collinearity Statistics	
	Co-eff.	t-stat	Tolerance	VIF
(Constant)	1.480	5.267***		
Brand Value proposition	.542	6.613***	.523	1.911
Financial Rationalization	-.174	2.411*	.496	2.014
Networking and relationship marketing	-.017	0.200	.387	2.585
Sales Promotion	.187	2.704**	.520	1.924
Customized product design	.098	1.431	.756	1.323
R Square	.418			
Adj. R Square	.398			
F-statistic	20.681***			

Note: *Denotes $p < 0.05$; ** Denotes $p < 0.01$; ***Denotes $p < 0.001$

Table 7 reveals that there is significant positive impact of brand value proposition and sales promotion on customers' satisfaction. The positive beta coefficient along with significant t-statistics justify it. However, the negative beta coefficient and significant t-statistics reveal that there is significant negative impact of financial rationalization on customers' satisfaction. The other two independent variables- networking and relationship marketing, and customized product design have no significant impact on customer's satisfaction. Similarly, the significant F-statistics reveals that the model of regression analysis used is good.

4.6 Discussion

This study was conducted to find out the major factors affecting customer satisfaction towards Tata Motor's vehicles in Pokhara valley, Nepal. First, major five factors that are related to purchase of vehicles were extracted by using EFA. Then, the regression analysis found that brand value proposition, financial rationalization and sales promotion have a significant positive impact on customer satisfaction. The results are similar with the previous studies of (Kaur & Mahajan, 2011; Shahroodi et al., 2015) which states that customer satisfaction is significantly influenced by the three brand equity factors of brand identity, ideal internal consistency, and lifestyle consistency. Likewise, it is in consistent with the study of (Herrmann et al., 2007) that price fairness of automobiles influences customer satisfaction positively and the findings of (Antunes, 2018) which shows that sales promotion techniques of vehicles is positively significant to customer satisfaction.

V. Conclusion

This study finds that safety, mileage, after sales service are the most important things that the customer focus while buying the vehicle in Pokhara valley. So, this study concludes that the seller of vehicle should primarily focus on safety things, fuel efficiency, and after sales service of vehicle. This study also finds that brand value proposition, sales promotion, and financial rationalization are the important factors affecting customers' satisfaction where brand value proposition, and sales promotion are positively related and financial rationalization is negatively related. It is concluded that the automobiles traders should focus on building brand value, sales promotion and offer fair price to increase the customer satisfaction of vehicle buyers. This study has only focused on Tata motors and limited to Pokhara valley. So, further research can be carried out taking different automobile industries as well as comparative study can be done in Nepal in this topic.

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