A STUDY ON IMPACT OF SERVICE QUALITY ON CUSTOMER RETENTION AT VST MOTORS, CUDDALORE

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Abstract

Customer retention is critical to the success of a service business like VST Motors. Service level has become a customer retention factor. The relationship between service quality and customer retention is becoming clearer every day. This study focuses on VST Motors Limited, which aims to find out how service quality affects customer retention in the Cuddalore service industry. The five dimensions of the SERVQUAL model (reliability, confidence, tangibility, empathy, and responsiveness) are considered the basis for the study. When it comes to customer retention, research shows that responsiveness and empathy are more important than service tangibility, certainty, and reliability. Research results also indicate that the quality of services provided has improved. Research shows that providing high-quality service increases customer retention, which increases customer loyalty and commitment.

Customer retention is therefore becoming one of the key business ideas to be further explored, particularly in the service sector. The main objective of this study is to identify key factors that positively affect customer loyalty and retention in the service sector. This study complements the literature by highlighting the relationship between service quality, customer satisfaction, trust, and commitment. Data are evaluated using several steps including coding and classification processes. Research results confirm that there is a significant relationship between service quality and customer satisfaction, trust and commitment, which positively affects customer loyalty and retention.

Keywords: Customer retention, customer loyalty, service quality, customer satisfaction, customer commitment.

1. INTRODUCTION

Service quality is a mixture of two terms, Service and Quality, with an emphasis on the provision of high-quality services to end customers. The term quality refers to the standards or specifications that a service-generating business guarantees. We cannot have a clear defined border for quality. The sky is the limit when it comes to quality generation. Scientific advancements and developments pave the path for the production of excellence. More frequent innovation, less lag in the process of quality improvement.

Similar to companies that produce things, companies that generate services are also considered to be important in fostering research and coming up with novel ideas that set them apart from rivals and open up lucrative market prospects. Given this context, it is not surprising that innovation processes are more common in developed nations.

In an effort to raise the standards of the services we provide. The organizations providing the services must determine the factors contributing to the users’ growing unhappiness and implement the necessary (technical or functional) actions to reduce it. Customer expectations of a service are compared to their assessment of how the service was delivered to determine the service quality (Gronroos, 1984; Parasuraman et al., 1985, 1988). The gap between customer service perceptions and expectations has been described as the service quality.

1.1. OBJECTIVES

- To identify authenticity towards service providers in VST motors.
- To identify the customer satisfaction towards services.
2. REVIEW OF LITERATURE

Customer retention can depend on many factors such as service quality, trust and satisfaction. To improve customer retention, service providers need to understand how customer satisfaction affects customer retention (Sim, Mak, & Jones, 2006; Alshurideh, 2019).

Providing quality service increases reputation, promotes customer retention, attracts new customers through word of mouth, improves achievement or financial performance, and increases profits (Beerli et al., 2004; Alkalha et al., 2014).

Sanjupa Giri, Kumar Thapa (2018): The purpose of the Kathmandu Valley Two-Wheeler Aftermarket Customer Satisfaction Study was to find out if there was a relationship between customer satisfaction and other perceptions. - Features of two-wheeled vehicle maintenance. He also plans to segregate key services according to the kano Model.

This is a quantitative study using a sample of 280 people divided into 40 groups based on motorcycle and scooter manufacturers. Samples are selected based on quota and convenience. Honda, Hero, Bajaj, Mahindra, Yamaha, Royal Enfield and other brands (TVS, Suzuki and vr) are used as examples. Data analysis methods include Kano model analysis, frequency analysis, correlation analysis, ANOVA, and independent sample t-test.

Micha Shrestha (2020): Nepal Service Quality and Customer Satisfaction Survey All service-oriented businesses must prioritize service quality in order to survive. Today’s customers are tech savvy and expect great service. Companies that provide excellent service ensure customer satisfaction, which translates into customer retention. The purpose of this study is to investigate the relationship between service quality characteristics and customer satisfaction for two-wheeled vehicles in Nepal. For this, a descriptive-analytic research approach was used. A total of 200 Bajaj motorcycle owners were interviewed. This study is based on primary data collected through a pre-structured questionnaire. In terms of responsiveness, reliability, tangibility, and empathy, the correlation matrix showed a strong positive relationship between service quality and customer satisfaction.

Kailash (2012) compares public and private sector banks in the city of Vijayawada using the SERVQUAL model in his article. Studies have shown that private sector banks have achieved significant results by better serving their customers and are more successful in retaining customers by providing better service than public sector banks.

3. METHODOLOGY OF THE STUDY

This observe is primarily based on each primary and secondary facts. Primary data changed into collected the usage of a dependent questionnaire. About 127 respondents were randomly decided on from consumer VST cars Cuddalore. Man or woman customers have been segmented based totally on demographics and choices. Secondary statistics become accrued through diverse studies papers, web sites and articles.

4. DATA ANALYSIS AND INTERPRETATION

Table 1. Showing the Relationship between customer satisfaction and customer anticipation

<table>
<thead>
<tr>
<th></th>
<th>Total_CS</th>
<th>Total_CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.364**</td>
</tr>
<tr>
<td>Total_CS</td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.364**</td>
<td>1</td>
</tr>
<tr>
<td>Total_CA</td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
</tbody>
</table>

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

Table 1. Showing the significant difference between customer satisfaction and marital status

<table>
<thead>
<tr>
<th>MARITAL STATUS</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Married</td>
<td>94</td>
<td>8.8191</td>
<td>1.57236</td>
<td>.16218</td>
</tr>
<tr>
<td>CS Unmarried</td>
<td>33</td>
<td>8.7576</td>
<td>1.58174</td>
<td>.27535</td>
</tr>
</tbody>
</table>
Table 1. Showing the significant difference between customer satisfaction and marital status

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>13.703</td>
<td>3</td>
<td>4.568</td>
<td>1.896</td>
<td>.134</td>
</tr>
<tr>
<td>Within Groups</td>
<td>296.376</td>
<td>123</td>
<td>2.410</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>310.079</td>
<td>126</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. FINDINGS

- Customer data shows that customer pricing criteria have a 92% impact on customer retention and satisfaction.
- There is a low correlation between customer satisfaction and customer expectations.
- The survey shows that 78% of customers agree that VST Motor Company takes appropriate actions to improve through customer feedback, which has a greater impact on customer retention and satisfaction.

6. CONCLUSION

According to this study, perceived service quality and perceived value are significantly correlated with customer retention. Since there is a negative gap between perception and expectation, it is clear that consumers expected more than what they actually got. If management wants to improve customer retention, influencing the customer experience will be better than changing expectations. Retention and perceived value have been shown to be closely related. According to this study, there is some evidence that perceived value plays a mediating role in the relationship between service quality and customer retention. These results suggest that when perceived value is included in the analysis, the relationship between perceived service quality and customer retention is strengthened, and perceived value actually becomes a partial measure of the relationship between perceived service quality and customer retention. Because it is statistically significant, property, consumer, satisfaction.

7. REFERENCE