



## AFTER SALES SERVICE AND BRAND PREFERENCE OF AUTOMOBILE IN BENUE STATE OF NIGERIA

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**Abstract:** The research ascertained the effect of after sales service on brand preference of automobile in Benue State of Nigeria. Due to the small population of the study, a census of all the sixty automobile dealers in Benue State and fifty of their customers were randomly selected for the study, bringing the total sampled to 110. Close ended questionnaire was the main instrument of data collection. Ordinary least square multiple regression analysis was used to analyse the data. The result indicated that the independent variables product delivery, installation and warranty were significantly joint predictors of the dependent variable brand preference with  $F(3.57) = 123.32$ ,  $R^2 = 0.875$ ;  $p < 0.5$ ). The predictor variables jointly explained 87.5% of brand preference while the remaining 12.5% could be due to the influence of extraneous variables. It was recommended amongst others that management of automobile manufacturing firms and their dealers should encourage more after sales service outlets across Benue State of Nigeria with a view to cultivating a robust relationship with customers.

**Keywords:** After sales service, installation, warranty, brand preference, automobile.

### 1.1 Introduction

It is an open secret that after sales service has become an important marketing tool for the automobile industry globally. A fast changing business environment, increase use of technology, higher market competition and higher potential profits in after sales service has changed the way companies view after sales services (Muhammad, 2011). It is no longer treated as a cost centre but instead, has become a major profit centre with profitability ranging up to 45% of corporate revenues for many business environments (Saccani, 2007).

After sales service involves a continuous interface between the service provider and the consumers throughout the post-purchase product life cycle. At the time the product is sold to the customer, this interaction is formalized by a mutually agreed warranty or service contract. The exact terms of the warranty or service contract, the characteristics of the customer base, and the nature of the sold product influence the after sales service strategy of the

service provider (Cohen, 2006; Oliva and Kallenberg, 2003) as cited in Muhammed, et al (2011). Goffin and New, (2001) discovered that after-sales services maximize the value extracted by consumers over the entire product life cycle.

Kurata and Nam, 2010; and Ahn and Sohn, 2009, stated that after-sales services can create sustainable relationships with customers and contribute significantly to customer satisfaction by offering different after-sales services during the various stages of the primary product lifecycle, the provider can ensure product functionality and thereby customer satisfaction. This often leads to the beneficial relationship between the seller and the customer over time, allowing for more transactions.

### 1.2 Objectives of the Study

The main objective of the study was to ascertain the effect of after sales services on brand preference of automobile in Benue State of Nigeria. The specific objectives include:

1. To evaluate the effect of product delivery on brand preference of automobile in Benue State of Nigeria.



2. To examine the effect of installation (including availability of spare parts and quality battery) on brand preference of automobile in Benue State of Nigeria.
3. To find out the effect of warranty on brand preference of automobile in Benue State of Nigeria.

### 1.3 Research Questions

The research attempts to provide answers to the following questions:

1. What is the effect of product delivery on brand preference of automobile in Benue State of Nigeria?
2. What is the effect of installation (including availability of spare parts and quality battery) on brand preference of automobile in Benue State of Nigeria?
3. What is the effect of warranty on brand preference of automobile in Benue State of Nigeria?

### 1.4 Research Hypotheses

The research hypotheses were formulated in the null form as follows:

Ho<sub>1</sub> Product delivery has no significant effect on brand preference of automobile in Benue State of Nigeria.

Ho<sub>2</sub> Installation (availability of spare parts and quality of battery) has no significant effect on brand preference of automobile in Benue State of Nigeria.

Ho<sub>3</sub> Warranty has no significant effect on brand preference of automobile in Benue State of Nigeria.

### 2.1 Conceptual Clarification

#### 2.2 After Sales Service

It has become abundantly clear that after sales service has emerged as a major source of manoeuvring, so firms strive for competitive advantage with their after-sales service portfolio to differentiate offers from competitors (Goffin, 1994; Slater, 1996; as cited in Ruben, 2012). After-sales services are an important marketplace differentiator because primary products are often physically comparable (Ruben, 2012). Saccani, et al., (2007) defined after-sales service for manufactured goods as the set of activities taking place after the purchase of the product, devoted to supporting customers in the usage and disposal of goods. Rigopoulou, et al., (2008) described after-sales services as services that

are provided to the customer after the products have been delivered. Cavalieri, et al., (2007) viewed after-sales service as those activities occurring after the purchase of the product and devoted to supporting the customer in the usage and disposal of the goods.

To Urbaniak, 2001 after service refers to those activities that enhance or facilitate the role and use of the product. (Asugman, et al., 1997) defined after sales service as those activities in which a firm engages after purchase of its product that minimize potential problems related to product use, and maximize the value of the consumption experience. Ehinlanwo and Zairi, (1996) also defined after sales service as "all activities geared towards maintaining the quality and reliability of the car carried out after the customer has taken delivery with the goal of ensuring customer satisfaction.

According to Ruben, (2012) after-sales services is the sum of activities taking place after the purchase of a product.

In the considered opinion of Nwokoye (2004), marketing should not end with the ringing of the cash register, especially for durable goods such as cars, the buyer should be provided with spare parts and service facilities at convenient locations for routine maintenance of the product. All too often, equipment sold to buyers in our country come without spare parts and service back up, even though such products are subjected to rougher environmental conditions including bad roads in the case of cars such that frequent breakdown occurs.

Nwokoye (2004) noted that although, independent establishments exist to provide repairs services for products they have not sold, it is the responsibility of the marketer to provide adequate post purchase service facilities for all the items carried. It is the responsibility of the marketer to ensure that the proper spare parts are used and recommended maintenance routines followed.

Raddats, (2011)-opines that customers no longer demand just for a product but also a comprehensive solution for their problem; they are increasingly moving away from requesting for a specific product



to requesting for a certain service package (including the original purchase and all aftermarket needs) instead. Chien, (2005) submitted that free basic after-sales service plays an important role in attracting more customer attention in a market with severe brand competition. Offering adequate after-sales service to customers has become a major generator of revenue, profit, and competency in modern industries (Cohen et al., 2006; Cohen and Kunreuther, 2007) as cited in Alireza et al, (2011).

A quick review of some empirical studies reveal that Shaharudin, Yusuf, Elias and Mangor (2009) examined the factors of after sales service, which affect customer satisfaction in the electronic market in Malaysia. After, sales service was determined through delivery, installation and warranty. 100 respondents were sampled through closed ended questionnaire, while Ordinary Least Square was used to analyse the data. Results indicated that delivery, installation and warranty has significant positive impact on the customer satisfaction and retention in his findings. Ruben, (2012) also found that after sales service significantly enhance the value of the product to its users. The author further noted that customers may decide to purchase a product based upon service and aftermarket considerations.

RigopoulouChaniotakis, Lymperopoulous and Siomkos(2008) evaluated the consequences of after sales service on customer satisfaction and retention. Data was collected through closed ended questionnaire, which was administered through telephone interviews from 420 respondents in Greece. The results show that after sales service has significant and positive impact on customer satisfaction and retention. They suggest that service marketing managers should understand the impact of after sales service on customer satisfaction and behavioural intentions.

It is also on record that Gupta and Lehmann, (2007) in their study on the impact of after sales service on customer relationship and they found that after-sales service is regarded as an important factor that has an impact on establishing good relationships with

consumers. Alexander, Alexander, Dayal, Dempsey and Vander (2002) accepted the claim that returning customers are the most profitable ones, as they require less marketing effort and relationship building. They submitted that after-sales service acquires a critical role as a means to achieve customer satisfaction and retention.

Rosen and Surprenant (1998) investigated whether after sales service is enough for the long relationship with customers. They selected two different industries with 220 respondents, while open ended questionnaire was used to collect the data. Both descriptive and qualitative analyses were used to analyze the data. Results revealed that after sales service is a marketing tool that creates and establish long term relationship with customers through good communication and flexibility.

Furthermore, excellent service may enhance the success rate of new products. Cohen, Agrawal and Agrawal (2006) and Cohen and Whang, (1997) all agreed that large number of extra after-sales service plans to customers will lead to customer satisfaction and retention as well as higher profitability.

### **2.3 Brand Preference**

Branding etches a firm product image in the minds of consumers and lays the groundwork for mass marketing of the product when output expands in the future. According to Nwokoye (2004), a producer who is marketing a successful but nameless product is making a grave error that should be corrected quickly.

According to Kotler(2003), brands vary in the amount of power and value they have in the market place. At one extreme, there are brands that are not known by most buyers. Then, there are brands for which buyers have a fairly high degree of brand awareness. Beyond this are brands with a high degree of brand acceptability. Then there are brands that enjoy a high degree of brand preference such as vehicles which this research is interested in Brand preference is a marketing metric that reflects the strength of a brand in the market. This shows whether consumers prefer a particular brand over others from the same category. The key to building



brand preference is market research, as the more you understand about what motivates your customers, the easier it is appeal to them.

Brand preference is when you choose a specific company’s product or service when you have other quality priced and available options. It is a reflection of customer loyalty, successful, market tactics and brand strengths.

Understanding customer preference is very important whether you are selling a product or offering a service. This study is interested in automobile in Benue State of Nigeria.

**3.1 Methodology**

The study adopted the survey research design. The population of the study consisted of all the sixty automobile dealers as well as fifty of their customers in Benue State of Nigeria. The sampled automobile include Mercedes, Ford, Volvo, Toyota, Honda,

Mitsubishi, Peugeot, Hyundai, Opel and the locally produced Innoson.

The instrument used in this study is a close-ended questionnaire that was designed by the researches. In order to establish the reliability of this instrument, a pilot study was carried out on a sample of ten respondents, using a test - retest method. The result of the reliability test was brand preference, 0.76, product delivery, 0.65; installation 0.82; and warranty, 0.71 respectively, indicating that the instrument is reliable. In confirming the validities of the instrument, face and content validities were ensured the instrument was given to automobile engineers and mechanics for scrutiny. The technique used was the ordinary least squares multiple regression analysis to test whether the after sales indices have effect on the brand preference of automobile in Benue State of Nigeria.

**Table 1: Ordinary Least Squares result**

| Variable         | Coefficient | Standard Error | t-statistics | P     | R <sup>2</sup> | F      | P    | Durbin-Watson |
|------------------|-------------|----------------|--------------|-------|----------------|--------|------|---------------|
| Installation     | 0.339       | 0.087          | 4.623        | <.05  |                |        |      |               |
| Product delivery | 0.205       | 0.205          | 2.641        | <.05  | 0.875          | 123.32 | <.05 | 2.058         |
| Warranty         | 0.420       | 0.420          | 6.956        | <.05  |                |        |      |               |
| Cons             | 12.310      | 1.076          | 8.076        | 0.000 |                |        |      |               |

Source: Researchers Data Computation, 2021

Using the Ordinary Least Square (OLS) estimation technique, the following results were obtained:

$BPR = 12.310 + 0.339INS + 0.205PDR + 0.420WRT$  where BPR= Brand preference, INS= Installation, PDR= Product delivery and WRT = Warranty.

The result in table 1 shows that the predictor variables product delivery, installation warranty were significantly joint predictors of brand preference  $F(3.57) = 123.32$ ;  $R^2 = 0.875$ ;  $P < .05$ ). The predictor variables jointly explained 87.5% of customer satisfaction and retention, while the remaining 12.5% could be due to the effect of extraneous variables.

We can deduce from the result obtained that the constant parameter in the long-run is positive. INS ( $\beta = 0.339$ ;  $t = 4.623$ ;  $P < .05$ ); PDR ( $\beta = 0.205$ ;  $t = 3.632.50$ ;  $P < .05$ ) and WRT ( $\beta = 0.420$ ;  $t = 6.965$ ;  $P$

$< .05$ ) were significant independent predictors of brand preference. This implies that quality product delivery, effective installation (availability of spare parts and quality of battery) and warranty contract on the product will enhance brand preference in the long run.

**4.2 Discussion of Findings**

All explanatory variables (PDR, INS and WRT) were significantly independent and joint predictors of customer brand preference of automobile in Benue State of Nigeria. This implies that after sales service dimensions are positively related and significant to brand preference. Furthermore, warranty has highest beta (0.420) followed by product installation and delivery ( $\beta = 0.339$  and 0.205), irrespectively. This indicates that warranty on the product has highest influence on brand



preference followed by product installation and product delivery respectively. The findings corroborate previous researches (Ruben, 2012; Saccani, et al., 2007; Gupta and Lehmann, 2007; Raddats, 2011; Alireza et q, 2011; Shaharudin et al, 2009; Muhammed, et al 2011; Goffin and New, 2001) who submitted that after sales service is a strong marketing tool that enhances and establishes strong and long relationship with customers, which in the long run lead to brand preference.

### 5.1 Conclusion

The study interrogated the effect of after sales service on brand preference with particular emphasis on automobile in Benue State, Nigeria. Practitioners and researchers are unanimous that after sales service plays a major role in satisfying customers as well as increasing number of firms across industries. The study found that after sales service indices (product delivery, installation and warranty) were significantly independent and joint predictors of customer satisfaction and retention. The study also discovered that customer's rate warranty contract highest among after sales service dimensions followed by installation and delivery respectively.

### 5.2 Recommendations

It was pertinent to make the following recommendations:

1. Automobile manufacturing firms as well as their dealers should ensure prompt and timely delivery of vehicles to their customers to ensure trust and continued brand preference by customers.
2. Automobile manufacturers and their dealers should ensure ceaseless availability of spare parts including quality batteries for their customers who may need them from time to time.
3. Automobile manufacturing firms and their dealers should offer truthful warranty to customers to continue to guarantee brand preference of their vehicles by customers.

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