CONSUMERS' PERCEPTION OF PRODUCT QUALITY, SERVICE QUALITY AND PRICE FAIRNESS AND THEIR RELATIONSHIP WITH CONSUMER SATISFACTION AND LOYALTY: A STUDY OF HONDA SERVICE CENTERS IN BANGKOK

By

WINSON JOSEPH KUNNATH

A Thesis submitted in partial fulfillment of the requirement for the degree of

Master of Business Administration

Graduate School of Business
Assumption University
Bangkok, Thailand

September, 2005
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ABSTRACT

The products provided by most service industries contain both tangible and intangible parts, just in different proportions. Customer satisfaction is often seen as the key to company’s success and long term competitiveness. In the context of marketing, customer satisfaction is often viewed as a central determinant of customer loyalty. In the current scenario of increasing competition within the automobile service industry, the evaluation of customer satisfaction and customer loyalty has become very important factor for Honda automobile service centers. Automobile maintenance service was chosen as an examined object because both technicians' skills and quality of spare parts are important to consumers.

The objective of this research was to study the relationship between the three consumer perceptions (product quality, service quality and price fairness) on customer satisfaction and customer loyalty. The target sample was 400 Honda owners who have used the services of Honda automobile service centers in Bangkok. Statistical analysis methods such as percentage, mean, standard deviation and Pearson correlation coefficient was used to examine the relationship between consumer perceptions (product quality, service quality and price fairness) on satisfaction and loyalty.

The results illustrate that perceived quality, perceived service quality and perceived price fairness have significant relationships with customer satisfaction and customer loyalty, respectively. There is also a positive relationship between customer satisfaction and customer loyalty. It is suggested that managers consider product quality and price as the foundations to build up consumer satisfaction and loyalty and to improve service quality as an add-on value to consumers.
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CHAPTER I
GENERALITIES OF THE STUDY

1.1 Introduction

The world now lives in a time when the demands on companies are so much greater than ever before. No company can stay in business without satisfied customers (Gould, 1995). Despite the ever increasing expectations, corporations are now required to go beyond the primary need of satisfying the customer, to exceed their expectation (Kandampully, 1997). Though every corporation's aim is to satisfy the customer, the dynamic market, in the form of competition, makes customer loyalty a very crucial distinctive competence.

The automobile industry is one of the most important industries in the world, affecting the global economy. It provides jobs for millions of people, generates billions of dollars in worldwide revenues, and provides the basis for a multitude of related service and support industries. Automobiles revolutionized transportation in the 20th century, changing forever the way people live, travel, and do business. The automobile has enabled people to travel and transport goods farther and faster, and has opened wider market areas for business and commerce. The auto industry has also reduced the overall cost of transportation by using methods such as mass production, mass marketing and globalization of production. Auto making is the world's largest manufacturing activity, with nearly 58 million new vehicles built each year worldwide (www.encarta.msn.com, July 2, 2005).

Automobile corporations operate in an industry characterized by few customer contacts with a large monetary value. There are major profit potentials and each customer is worth more than the sales price of the car. As a result, the management of customer loyalty is an essential activity within this industry (Hjälte and Larsson, 2004). Automobile companies build a long term relationship with the customer, in the form of automobile service, focusing on the customer's life time value.
Service industries are playing an increasingly important role in the economies of developed countries. For durable-goods manufacturers, service contracts are an increasingly important revenue stream, since they offer high margins and can account for 30 percent or more of income (Bundschuh and Dezvane, 2003).

1.1.1 Thailand Automobile Industry

Thailand's automobile industry began relatively modestly in the early 1960s when the government passed the Industrial Investment Act. This legislation was enacted to promote locally assembled vehicles and to develop a domestic components industry. Prior to this legislation, Thailand's automobile market was dominated by completely built-up unit (CBU) imports (www.grandprixgroup.com, June 20, 2005).

Since the early 1960s, and particularly over the past decade, Thailand has grown to be the regional production hub for automobiles in ASEAN. Japanese auto manufacturers have been particularly active with significant investments and several new plants located in Thailand. Both Toyota and Honda selected Thailand as the best place to build their "Asia" cars, the Soluna and the City (www.grandprixgroup.com, June 20, 2005). The industry is on course to grasp the 'Detroit of Asia' mantle and position Thailand as the world's ninth largest vehicle manufacturer by 2010. Thailand's automobile industry posted 12-per-cent growth last month with sales of 50,872 vehicles. Throughout the first seven months of this year, vehicle sales reached 396,769 units, an increase of 15.3 per cent over the same period last year. Thailand's new vehicle sales in June rose 25.6% from a year ago to 63,421 units. Despite high oil prices, car sales continued to grow in June as buyers anticipated that prices of vehicles may rise soon to reflect higher prices of raw materials and a possible increase in vehicle taxes (http://www.nationmultimedia.com, June 22, 2005). Toyota claimed a market share of 41.8% in June 2005, equivalent to 26,530 units, followed by Isuzu with a 24.3% market share, or 15,436 units. Toyota and Honda Motor Co. (HMC) dominated the passenger car market, with a share of 51.1% and 26% (http://au.biz.yahoo.com).
1.1.2 Honda Automobile (Thailand) Co., Ltd

Established in 1948, Honda Motor Co., Ltd., is one of today’s leading manufacturers of automobiles and the largest manufacturer of motorcycles in the world. The company is recognized internationally for its expertise and leadership in developing and manufacturing a wide variety of products that incorporate Honda’s highly efficient internal combustion engine technologies, ranging from small general-purpose engines to specialty sports cars. Approximately 17.2 million Honda products were sold worldwide during the fiscal year ended March 31, 2004 (Honda Annual Report, 2004).

Honda is one of the largest suppliers of passenger cars in Thailand. Honda started its operations as distributor of Honda cars under the name Honda Cars (Thailand) Co., Ltd. (HCT) in 1983. The Honda Automobile (Thailand) Co., Ltd. was established in 1999, bringing under its wing Honda Cars Manufacturing (Thailand) Co., Ltd. and Honda Cars (Thailand) Co., Ltd. respectively, the manufacturer and authorized distributor of Honda cars in Thailand (www.honda.co.th, June 22, 2005).

The main models marketed and sold by Honda are City, Civic, Accord, CR-V and the new model Jazz. Honda also markets its CBU models like, Stream, Odyssey, S2000 coupe and the new Civic Hybrid. As of July 31st 2005, Honda’s vehicle sales were 28,684 units with a market share of 7.2%, which is a drop of 32.9%, in comparison with same period last year (Jan-Jul, 2004). Honda Car sales despite being the second largest has fallen by 31.1%, with sales volume being 27,731 for a period from January to July 31, 2005. Adding to this downfall, Honda SUV (CR-V) sales fell by 62.0% (http://www.bangkokpost.net, August 30, 2005)
1.1.3 Honda Automobile Service

Honda operates 38 service centers in Bangkok. To meet the ever-increasing demand for Honda car parts, Honda has established the Asia Parts Center, or Honda Parts Center, at the Wellgrow Industrial Park in Chachoengsao province in 1998. Apart from eliminating delay involved in the import process, the center also helps expedite the delivery of parts to all Honda service centers nationwide. Apart from offering high quality genuine auto parts at value-for-money price, Honda also stocks good quality, low cost HAMP (Honda after market parts) parts that are nearly as durable as the genuine ones. All HAMP parts come with a 6-month or 10,000 kilometers (whichever comes first) warranty (www.honda.co.th, June 22, 2005).

Honda ranks last among 11 in customer satisfaction with authorized dealer after-sales service in Thailand, according to the J.D. Power Asia Pacific 2005 Thailand Customer Satisfaction Index (CSI) study. According to the report published by J.D. Power Asia on August 1, 2005, Honda service centers score was below the industry average, as shown in the Figure 1.1. Overall customer satisfaction is measured by 35 dealer performance attributes, which are grouped into seven CSI factors. In order of importance, these are: service quality, problems experienced, service delivery, user-friendly service, service advisor, service initiation, and in service experience. Of the 12 makes covered in the 2005 Thailand CSI Study, two are newcomers: Thairung and Kia.

The study also finds that customers are defecting to aftermarket service facilities in increasing numbers. While just 20 percent of owners had their vehicle serviced at an aftermarket facility in the inaugural 2000 Thailand CSI Study, 38 percent have done so in 2005. Dissatisfaction with the authorized dealer’s performance is evident among this group as defectors record CSI scores nine points below non-defectors (801 vs. 810, respectively). The greatest difference seen in average scores between defectors and non-defectors was in the factors dealing with problems experienced and service delivery. Although lower performance in service delivery tends to result in service defection, the main reasons to defect to the aftermarket center were, speed and price.
In January 2005, the Honda service center had come under negative publicity wherein, an enraged Honda CR-V owner bashed up the car in front of a large gathering of news photographers and reporters with a sledgehammer and a shovel. Ms Duenpen Silaket, the owner of the Honda CR-V became an instant media sensation. Clearly, repairing the damage to Honda’s image wasn’t going to be easy and there were many reports of Honda customers canceling their orders (www.bangkokpost.net, June 20, 2005). Honda later agreed to refund her 1.24 million baht and take back the car (www.bangkokpost.com, July 5, 2005).
Following the incident, Honda Automobile (Thailand) Co., has put its customer care centre under the supervision of a high-ranking executive, who will report directly to the company's president as part of the car manufacturer's efforts to resolve customer complaints more effectively. Also, any complaints filed by a customer can be discussed and decided at the executive board meeting. A 24-hour roadside assistance service was started from the Month of March that provided the owners of vehicles with, valid warranties free of charge (Bangkok Post, Feb 11, 2005).

1.2 Statement of the problem

Honda has been one of the leading automobile companies in Thailand. Honda has lost overall market share in the year 2005 from 11.6% (November, 2004) to current 7.2% (July, 2005). Honda service center is ranked the last among the automobile service centers in Thailand for Customer Satisfaction. In the passenger car market, Honda sales have fallen a whooping 31.1% despite a negative growth of only 10.2% in the overall passenger car market. Honda suffered maximum lost sales in the SUV segment, wherein its sales of the CR-V model have fallen by 62% despite the SUV segment having a very good growth rate of 121.3%. This can be mainly attributed to cancelled orders following the bashing up of the Honda CR-V in front of the media.

Currently, Honda is facing high pressure from its customers regarding its service, price of the services offered and product quality. Also, with the presence of many private low cost garages, Honda customers are drifting off from the Honda service centers. This has raised questions on Honda product and service quality of service center affecting its credibility. In order to retain its market share and to reaffirm its commitment towards its customers, it is very important for Honda to understand the customer’s perspective of service quality, product quality and price fairness and its influence on customer satisfaction and loyalty.

The purpose of this study was to examine the relationship between the three consumer perceptions (product quality, service quality and price fairness) on satisfaction and loyalty behavior.
1.3 Research Objectives

The main objective of this research was to study the relationship between consumer’s perception of product quality, service quality and price fairness on customer satisfaction and loyalty.

The objectives of this research were as follows:

1. To examine the relationship between perceived product quality and customer satisfaction.
2. To examine the relationship between perceived service-quality and customer satisfaction.
3. To examine the relationship between perceived price fairness and customer satisfaction.
4. To examine the relationship between perceived product quality and customer Loyalty.
5. To examine the relationship between perceived service-quality and customer Loyalty.
6. To examine the relationship between perceived price fairness and customer Loyalty.
7. To examine the relationship between Customer satisfaction and customer Loyalty.
8. To recommend ways to improve the service quality of Honda service centers.

1.4 Scope of the Research

The research was used to investigate the relationship between the perception of product quality, service quality and price fairness on customer satisfaction and loyalty of Honda automobile service centers. The research focused on Honda automobile service users in Bangkok. The research was conducted in Bangkok. The survey was conducted by distributing questionnaires at the various parking lots in Bangkok. The sample consisted of 400 respondents. The questionnaires were distributed from the first week of August 2005 to last week of August 2005.
1.5 Limitations of the Study

The research studied the customer satisfaction and loyalty towards Honda automobile service centers only; hence the result cannot be generalized to other automobile service centers in the market. This study was limited to a specific period of June to August 2005. Hence, the research results may not be used as the representative for all time periods. The survey was conducted in Bangkok, consequently, the research results represent the sample group only. Hence, they cannot be generalized to all types or groups of population.

1.6 Significance of the study

The outcome of this study would provide the Honda service managers and other practitioners, a better understanding of customer satisfaction and customer loyalty patterns, with an equal emphasis given to product quality, service quality and price fairness, from the customer’s perspective. The study provides a better understanding of customer satisfaction and customer loyalty toward automobile services in general. The result of this research would assist the managers in servicing their customers better, by having a deeper understanding of the customer’s preferences, and in formulating the strategies to improve their business image. This research would enable Honda automobile service to reaffirm its commitment to its customers.

1.7 Definition of Terms

Consumer behavior: It can be defined as the behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs (Schiffman and Kanuk, 2004).

Customer Satisfaction: A pleasurable or positive emotional state from the appraisal of one’s job and as a function of the perceived relationship between what one wants from one’s job and what one perceives it as offering or entailing (Locke, 1969).

Customer Loyalty: The sense of allegiance or emotional attachment a customer has toward a specific company, its people, products or services. These feelings are
exhibited when customers repurchase a company's products or services, the ultimate expression of loyalty (Mc Cullagh, 2000).

**Expectation:** It is defined as desires or wants of consumer, i.e. what they feel a service provider should offer rather than what is offered (Parasuraman et al., 1988).

**Empathy:** The caring and individual attention provided by employees to its customers (Parasuraman et al, 1990).

**Perception:** It is the process by which an individual selects, organizes, and interprets the information he or she received from the environment (Sheth, Mittal and Newman, 1999).

**Perceived Quality:** Perceived quality is defined as the consumers (subjective) judgment about a product's overall excellence or superiority. Personal product experiences, unique needs, and consumption situation may influence the consumer's subjective judgment of quality (Zeithaml, 1998).

**Perceived Service Quality:** The long-term component of service satisfaction, and is a measure of how well a delivered service meets customer expectation of the service (Webster, 1991).

**Price fairness:** Price Fairness is the consumer assessment and associated emotions of whether the difference (or lack of difference) between a sellers price and the price of a comparative other party is reasonable, acceptable, or justifiable (Xia et al., 2004).

**Service:** An idea, task, experience or activity that can be exchanged for value to satisfy the needs and wants of customers and businesses (Gilbert, 1999).

**Service Quality:** It is defined as the customer’s assessment of the overall excellence or superiority of the service depending on the gap between expectation and perceptions of actual performance levels (Zeithaml, 1988).
Service quality dimensions: It is the factors applied to measure the service quality as perceived by internal customers. These dimensions are tangible, responsiveness, reliability, assurance and empathy (Zeithaml, Parasuraman and Berry, 1990).

SUV: A sport utility vehicle (SUV) or off-roader is a type of passenger vehicle which combines the load-hauling and passenger-carrying capacity of a large station wagon or minivan with features designed for off-road driving (http://en.wikipedia.org/wiki/SUV, July 5, 2005).

Tangibles: The appearance of service provider’s physical facilities, equipment, employees and communication material (Parasuraman et al, 1990).
CHAPTER II
LITERATURE REVIEW

This chapter reviews literature which supports the conceptual framework of this research. The objective of this review is to have a clear understanding of the concepts of the variables, and their relationships. The literature review is grouped into three sections. The first section consists of definitions of the variable, theories on the subject, and the research models of the variables. The second section consists of studies on interrelationship of the variables. The third section consists of empirical research findings substantiating the conceptual framework.

2.1 Perceived Quality
2.1.1 Defining Quality

Quality is one of those elusive concepts which is easy to visualize but difficult to define. Following are the definitions given by various researchers and scholars.

Goetsch and Davis (1997) stated that “Quality encompasses every aspect of business and is actually an emotional experience for the consumer. Consumers want to feel good about their purchases, to feel that they have received the best value. Consumers will take pride in their association with a company with high quality image.” The American Society for Quality defines quality as the totality of features and characteristics of a product or service that bear its ability to satisfy stated or implied needs.

Quality can be defined and measured as belief statements or attribute performance (Churchill and Surprenant, 1982). Garvin (1987) has proposed the most comprehensive definition of product quality with the following eight attributes:

- 1. Performance: a product's primary operating characteristics;
- 2. Features: the additional features or the "bells and whistles" of the product;
- 3. Conformance: the extent to which a product's design and operating characteristics meet established standards;
-4. Reliability: the probability that a product will operate properly over a specified period of time under stated conditions of use;
-5. Durability: the amount of use the customer gets from a product before it physically deteriorates or until replacement is preferable;
-6. Serviceability: the speed, competence, and courtesy of repair;
-7. Aesthetics: how a product appeals to our five senses; and
-8. Customer-Perceived Quality: customer’s perception of a product’s quality based on the reputation of the firm

Some of these dimensions may be less measurable or relevant in some contexts than others. The dimension of perceived quality is a part of the meaning ascribed to the construct manager-perceived customers' view of the product quality (Garvin, 1987).

### 2.1.2 Defining Perceived Quality

According to Zeithaml (1988), quality can be broadly defined as superiority or excellence. By extension, perceived quality can be defined as the customer’s judgment about products overall excellence or superiority.

Perceived Quality of service is a type of attitude, related to but not the same as satisfaction, and resulting from comparison of expectation with a perception of performance (Rowley, 1998). Perceived Quality is (1) different from objective or actual quality, (2) a higher level of abstraction rather than a specific attribute of a product, (3) a global assessment that in some cases resembles attitude, and (4) a judgment usually made within a consumer's evoked set (Zeithaml, 1988).

“Objective Quality” is the term used in literature (e.g., Hjorth-Anderson 1984; Monroe and Krishnan, 1985) to describe the actual technical superiority or excellence of the products. But, as noted by Maynes (1976), objective quality does not exist, and that all quality evaluations are subjective.

Quality according to the manufacturer would be technical superiority. According to Japanese Philosophy, quality means “zero defects”. These inferences are mostly manufacturing oriented notions of quality. The above concepts do not sound
exactly the same, because they too are based on perception (Zeithaml, 1988). In a research study for General Electric, Morgan (1985) points out striking differences between consumer and managerial perceptions of appliance quality. When asked how consumer perceive quality, managers listed workmanship, performance, and form as critical components, whereas consumers looked for appearance, clean-ability and durability. The consumer’s perception of product quality plays a key role in market behavior. Traditional economics defines the impact of product quality on consumer behavior in an attempt to concentrate attention on the dynamic relationship between price and quantity (Huntington, 1989).

The emphasis on quality during the 1980s came about as a result of rapidly changing customers in terms of their number, needs, and purchasing attitudes (Draaijer, 1992). Organizations need to take into account the dynamic needs of their customers in order to compete effectively (Shepetuk, 1991). Customer satisfaction is acknowledged as the most important construct of Total Quality Management implementation (NIST, 1993).

If a firm's quality efforts result in tangential improvements but no real improvement in the quality of its products, customers switch to other products immediately (Zeithaml, 1988). Hence, it would seem plausible for managers to think that product quality should be a major focus of quality efforts; and customers' view of the firm's product quality will be commensurate with the managers' perception of their firm's product quality. Hence, two constructs can be inferred:

- 1) Quality of firms' products as perceived by the managers (manager-perceived product quality); and
- 2) Managers' perception of the customers' view of the firm's product quality (manager-perceived customer-view of the firm's product quality) (Waller et al., 1996).

Quality of the product perceived by the customers may be a complex combination of the actual quality of the product that customers purchase from the firm, and customers' views of the overall quality reputation of the firm. Hence, from a purchasing manager's perspective, the customers' view of the firm's products will be
reflective of the product-specific view and views about the firm's quality efforts. (Waller, et al., 1996)

2.2 Perceived Service Quality

2.2.1 Defining Service Quality

A service is an act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tried to a physical product (Kotler, 2003).

Service quality is a measure of how well the service level delivered matches customer expectation. Delivering quality service means confirming to customer expectation on a consistent basis (Lewis and Booms, 1983). The four dimensions to service are:

- Intangibility
- Inseparability,
- Variability and
- Perishability.

Service Quality perceptions result from comparison of consumer expectation with actual service performance. Quality evaluations are not made solely on the outcome of a service; they also involve evaluations of the process of service delivery. Service quality is now considered as a very critical success factor that affects organizations competitiveness. In this world where a consumer is offered with many similar kinds of product, and with a lot of information creating a clutter, many organizations are trying to differentiate themselves from the competition and therefore making the service quality a distinctive competitive advantage.

Service performance has been divided into a technical and functional dimension. Technical performance is "what" a customer receives, the core service, while functional performance is the way in which a consumer receives the technical service, the "how", "why", "where" and "when" of the service (Hill, 1986).
2.2.2 Defining Perceived Service Quality

Parasuraman, Zeithaml, and Berry (1988) define perceived service quality as "a global judgment, or attitude, relating to the superiority of the service." Perceived service quality is a function of factors pertaining to both the service provider and the buyer of the service (Gounaris, Stathakopoulos, et al., 2003).

"Perceived Quality is viewed as the degree and direction of discrepancy between consumer’s perception and expectations. In the services marketing literature, perception (P) is defined as consumer’s beliefs concerning the service received (Parasuraman, Zeithaml and Berry, 1985). Expectations are defined as “desires or wants of consumers that is what they feel a service provider should offer rather than would offer”.

2.2.3 Determinants of Service Quality

1. RELIABILITY:
Reliability involves consistency of performance and dependability. It means that the firm performs the service right at the first time. It also means that, the firm honors its promises.

2. RESPONSIVENESS:
Responsiveness concerns the willingness or readiness of employee to provide service.

3. COMPETENCE
Competence means possession of the required skills and knowledge to perform the service.

4. ACCESS
Access involves approachability and ease of contact.

5. COURTESY
Courtesy involves politeness, respect, consideration, and friendliness of contact personnel (including receptionist, telephone operators, etc).

6. COMMUNICATION
Communication means keeping customers informed in language they can understand and listening to them. It may mean that the company has to adjust its language for different consumers-increasing the level of sophistication with a well educated customer and speaking simply and plainly with a novice.
7. CREDIBILITY
Credibility involves trustworthiness, believability, honesty. It involves having the customers’ best interest at heart. Contributing to credibility are:
- Company Name
- Company reputation
- Personal characteristics of the contact personnel.
- the degree of hard sell involved in interactions with the customer.

8. SECURITY
Security is a freedom from danger, risk, or doubt.

9. UNDERSTANDING/KNOWING THE CUSTOMER
Understanding/knowing the customer involves making the effort to understand the customer’s need.

10. TANGIBLES
Tangibles include the physical evidence of the service:
- physical facilities
- appearance of personnel
- tools or equipment used to provide the service;
- physical repressions of the service, such as a plastic credit card or a bank statement (Parasuraman, Zeithaml, Berry, 1985).

2.2.4 Service quality is a multi-dimensional construct

The SERVQUAL model (Parasuraman et. al., 1988) and the model proposed by Grönroos (1990) are the two most influential models of service quality in conventional contexts. The original SERVQUAL model proposes five key dimensions influencing service quality perceptions: tangibles, reliability, responsiveness, assurance, and empathy. In contrast, the model of Grönroos emphasizes two-factors: functional quality and technical quality. Similar to Grönroos’ Perceived Service quality model and Parasuraman SERVQUAL model measures service quality relative to consumer expectations. The general consensus across these schools of management thought is that service quality is a complex, multidimensional attitudinal construct requiring objective measurement.
Grönroos (1990) suggested two service quality dimensions: functional quality and technical quality. Functional service quality deals with the process or the way in which service is delivered. That is, it defines customers' perception of the interactions that happen during service delivery. Technical service quality reflects the outcome of the service or what is received.

A common research goal amongst service quality researchers is the identification of generic dimensions, applicable across service contexts. In focusing on the identification of generic dimensions, researchers are seeking a standardized, dimensional model that allows universal prediction.

2.3 Price Fairness

From consumer's cognitive conception, price is something that must be given up or sacrificed to obtain certain kinds of product or services (Zeithaml, 1988). Anderson, Fornell and Lehmann (1994) emphasized that price is an important factor of customer satisfaction, because whenever consumers evaluate the value of an acquired service, they usually think of the price.

Zeithaml (1988) argued that objective price and perceived price are crucial factors to evaluate quality. Objective monetary price is not equal to the target price in consumers' mind. The definition of price based upon the consumer's viewpoint is what consumers perceive, that is, the perceived price. To the consumer, perceived price is more meaningful than monetary price. In the context of price fairness, the outcomes to be compared are prices. When the price being judged differs from the price in the reference transaction, the price difference may induce a unfairness perception (Xia, Monroe and Cox, 2004).

Price Fairness is the consumer assessment and associated emotions of whether the difference (or lack of difference) between a sellers' price and the price of a comparative other party is reasonable, acceptable, or justifiable (Xia, Monroe and Cox, 2004).

According to (Xia, et al., 2004), price comparison can be explicit as well as implicit. In explicit comparison people compare one price with another price, or with a range of prices, which is a comparison between a price point and a price range. In
implicit comparison, the comparison may be just based on single price, which is unspecified, but an expected lower price, that the consumers believe that he should be entitled to because of his limited fixed income.

Price Comparison leads to one of the three types of judgments; Equality, Advantaged inequality, or Disadvantaged inequality. A perception of price equality does not trigger a fairness perception, or if one is triggered, it may lead to perceived fairness. A perception of price inequality may lead to a judgment either that the price is less fair than the equal prices situation or that it is unfair.

A price fairness judgment to subjective and usually is studied is from buyers perspective therefore the judgment tends to be biased by the buyers self interest; that is the buyer tries to maximize his or her own outcome compared with that of the other party (Oliver and Swan, 1989). Thus the judgment and feeling associated with advantaged with disadvantaged price inequality is different. Consequently perceived unfairness is less severe when the inequality is to the buyer’s advantage than when it is to the buyer disadvantage (Ordonez, Conolly and Coughlan, 2000).
Figure 2.1: A theoretical Framework of Price Fairness


2.3.1 Cognitive aspect of unfairness perception

A buyer may have feelings of unease or guilt, when the inequality is to his or her advantage, but feelings of anger, or outrage when the inequality is to his or her disadvantage. These emotions may occur concurrently with the unfair cognitions, or arguably they may even precede such cognition (Campbell, 2004). Severe unfairness perceptions “typically come with heat and passion and outrage; and they insistently press for action or redress” (Finkel, 2001). This strong negative emotion is an element that distinguishes unfairness, either from fairness or from less fairness.

An unfairness perception potential and negative emotions are usually are directed towards the party that is perceived as having cost the “unfair” situation. For Price Unfairness, the target of the perception and emotion is usually the seller, thus the actions that buyers take when they perceive that prices are unfair, and usually
directed towards the seller, rather than toward a comparative other buyer and the product involved in the transaction (Xia et al., 2004).

Previously fairness has been defined as a judgment of whether an outcome and/or the process to reach an outcome are reasonable, acceptable or just. The cognitive aspect of this definition indicates that price fairness judgment involves a comparison of a price or procedure with a pertinent standard, reference, or norm (Xia et al., 2004). Various conceptualizations have been developed and adapted to explain the phenomena of fairness. However each approach tends to address a specific reason for price fairness. Dual Entitlement principle emphasizes the influence of supply and demand changes and the sellers profit orientation (Kahneman, Knetsch and Thaler, 1986b). Equity theory and distributive justice emphasizes the importance of equality of outcomes between two parties in an exchange (Adams, 1965). Procedural Justice focuses on influence of the underlying procedures, used to determine the outcomes on fairness perception (Thibaut and Walker, 1975).

The principle of distributive justice maintains that the people in an exchange relationship relation with others are entitled to receive a reward that is proportional to what they have invested in their relationship (Homans, 1961). Equity theory broadens this perspectives to include various comparative others, that may influence the perceived fairness of an exchange relationship (Adams, 1965). Evidence suggests that consumers rely on past prices when judging the appropriateness of current prices and use current prices to forecast future prices (Briesch et al., 1997; Jacobson and Obermiller, 1990).
<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Proposed Theory</th>
<th>Study</th>
<th>Variables tested</th>
<th>Key Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolton, Warlop and Alba(2003)</td>
<td>Fairness judgments may be based on previous prices, competitors prices, and profits; attributions depend on the difference between reference point and price</td>
<td>Tests reaction to perceived differences of historical prices, relation between store-price levels, expected profits, perceived firm costs, and profit models for firms.</td>
<td>Historical prices; Store price image; risks and cost; and perceived price fairness.</td>
<td>--People do not have accurate mental cost or profit models for firms. --Increase in some firm (fair) costs lead to increased perceived fairness; some costs are unfair for price increases. --Price differences are fairest when attributed to quality differences</td>
</tr>
<tr>
<td>Campbell(1999)</td>
<td>Inferred motive and a firm’s reputation affect perceptions of price fairness and future shopping intentions.</td>
<td>Tests consumer reactions to retail purchasing scenarios; presents variations in the seller’s intent and reputation</td>
<td>Firms reputation, inferred motive, inferred profit, perceived fairness, and shopping intentions.</td>
<td>--Relative profit and inferred motive influence fairness perceptions, which in turn affect shopping intentions. --A firm’s reputation moderated inferences of motive.</td>
</tr>
<tr>
<td>Collie, Bradley and Sparks(2002)</td>
<td>When outcomes of others are unknown, judgments vary with procedural fairness, but not when others outcomes are known.</td>
<td>Tests scenarios in which subjects paid more, less, or equal to comparable others and did or did not know others prices.</td>
<td>Knowledge of others outcomes, outcome fairness, and satisfaction with interaction.</td>
<td>--Subjects who did not know others outcomes rated their outcomes as more fair. --It is difficult to judge distributive fairness because of ambiguity of why the outcomes occurred.</td>
</tr>
<tr>
<td>Dickson and Kalapurakal (1994)</td>
<td>Perceived fairness of price depends on the rule used to set price.</td>
<td>Surveys traders of bulk electricity to determine use of and perceived fairness of four cost.</td>
<td>Frequency of rule use, fairness of rules, and response to perceived unfair prices.</td>
<td>--Rules that treat cost increases and decreases symmetrically are fair. --Price increases due to demand increases are unfair. The more</td>
</tr>
</tbody>
</table>
2.4 Customer Satisfaction

Customer satisfaction is perhaps one of the most discussed challenges of organizations. The number of research conducted is innumerable, emphasizing on the centrality of the idea. Indeed, this represents every organisation's sole purpose, is at the heart of every mission statement, and is the ultimate goal of any strategies or business promotion put in place. It would not be inappropriate to say customer satisfaction is an antecedent to revenue. Striving for customer satisfaction means understanding and anticipating what customers want of the products in the future but do not expect of them. The point is to delight the customer – with products and services which engender a very positive response in the customer and surprise him (Matzler, Huber, Bailom and Sauerwein, 1996).

As Oliver (1997) argued, that satisfaction is “the consumer’s fulfillment response, the degree to which the level of fulfillment is pleasant or unpleasant”. Customer satisfaction was defined here as a cognitive and affective response to the consumption experience (Oliver, 1997; Yi, 1990).

Customer satisfaction can have two aspects. One aspect stems from encounter-specific disconfirmation, and the other stems from the experience of cumulative encounters that cannot be easily destroyed by episodic factors. There are two general conceptualizations of satisfaction in the literature: transaction-specific satisfaction and cumulative satisfaction (Boulding et al., 1993).
Consumer satisfaction (goods or services) results from a subjective comparison of expected and perceived attribute levels. The key elements have been described, with considerable conceptual and empirical support, by the disconfirmation model. This model holds that consumer satisfaction is related to both the size and direction of disconfirmation, with three potential outcomes: negative disconfirmation, positive disconfirmation and confirmation.

Expectations, primarily defined as predictions about what is likely to happen during the impending exchange, are used as a reference against which one can compare performance and assess disconfirmation. Consumer expectations about service performance may be active – those future states of nature consciously anticipated by the consumer – or passive – those expectations that exist only generally and are probably not processed unless disconfirmed (Oliver and Winer, 1987). The transient route may reflect transaction-specific customer satisfaction, whereas the chronic route may reflect cumulative customer satisfaction that seems to be fortified by trust and commitment.

Oliver (1989) proposed that disconfirmation for a continuously provided service does not operate unless service changes occur outside some range of experienced-based norms. In other words, consumers may not take notice of, may neither be satisfied nor dissatisfied with, certain aspects of the encounter. Hoch and Ha (1986) argued that the typical consumption experience occurs without much conscious evaluation of the multitude of factors in the environment. Because information processing limitations prevent full attention to every detail in an ambiguous situation, consumers use assimilation processing as long as the data are not incongruent enough to provide a clear violation of expectations. That is, unless something out of the ordinary occurs prior to, during, or after purchase, a consumer's evaluation of their service encounter will include increasing amounts of neutral judgments (“seeing” performance as expected).

Kano (1984) distinguished between three types of product requirement which influence customer satisfaction in different ways when met.

- Must-be requirements
  The must-be requirements are basic criteria of a product. If these requirements are not fulfilled, the customer will be extremely dissatisfied. On the other hand, as the customer takes these requirements for granted, their fulfillment will not increase
his satisfaction. Fulfilling the must-be requirements will only lead to a state of “not dissatisfied”.

- **One-dimensional requirements**
  With regard to these requirements, customer satisfaction is proportional to the level of fulfillment – the higher the level of fulfillment, the higher the Customer’s satisfaction and vice versa. One-dimensional requirements are usually explicitly demanded by the customer.

- **Attractive requirements**
  These requirements are the product criteria which have the greatest influence on how satisfied a customer will be with a given product. Attractive requirements are neither explicitly expressed nor expected by the customer. Fulfilling these requirements leads to more than proportional satisfaction. If they are not met, however, there is no feeling of dissatisfaction.

The advantages of classifying customer requirements by means of the Kano method are very clear:

- Product requirements are better understood: the product criteria which have the greatest influence on the customer’s satisfaction can be identified.
- Priorities for product development.
- Kano’s method provides valuable help in trade-off situations in the product development stage.

2.5 Customer Loyalty

Customer loyalty expresses an intended behavior related to the product/service or the company. A shift in emphasis from satisfaction to loyalty appears to be a worthwhile change in strategy for most firms because businesses understand the profit impact of having a loyal customer. Loyalty is considered more important as Reichheld (1996) has summarized that the net present value increase in profit that results from a 5% increase in customer retention varies between 25 and 95% over 14 industries. Moreover, others have noted that the relative costs of customer retention are substantially less than those of acquisition (e.g., Fornell and Wernerfelt, 1987).
The loyal customers are valued, because such customers usually spend more, buy more frequently, have more motivation to search for information, are more resistant to competitors' promotions, and are more likely to spread positive word-of-mouth (Dick and Basu, 1994; Bolton, 1998; Rust et al., 1995). The result is optimized long-term profit. Research has shown that increases in customer retention result in increased profitability for firms that compete in mature and highly competitive markets, especially service industries such as banking, telecommunications, hotels and airlines (Fornell and Wernerfelt, 1987). Loyalty has been defined and measured in many different ways (Jacoby and Chestnut, 1978). Dick and Basu (1994) defined customer loyalty as the relationship between relative attitude and repeat patronage.

The marketing literature suggests that customer loyalty can be defined in two distinct ways (Jacoby and Kyner, 1973). The first defines loyalty as an attitude. Different feelings create an individual's overall attachment to a product, service, or organization (see Fornier, 1994). These feelings define the individual's (purely cognitive) degree of loyalty.

The second definition of loyalty is behavioral. Examples of loyalty behaviour include continuing to purchase services from the same supplier, increasing the scale and or scope of a relationship, or the act of recommendation (Yi, 1990). The behavioural view of loyalty is similar to loyalty as defined in the service management literature.

Jacoby and Chestnut (1978) have explored the psychological meaning of loyalty in an effort to distinguish it from behavioral (i.e., repeat purchase) definitions. Their analysis concludes that consistent purchasing as an indicator of loyalty could be invalid because of happenstance buying or a preference for convenience and that inconsistent purchasing could mask loyalty if consumers were multibrand loyal. Because of these possibilities, the authors conclude that it would be unwise to infer loyalty or disloyalty solely from repetitive purchase patterns without further analysis.

Loyalty has many forms. Loyalty is interpreted as true loyalty rather than repeat purchasing behaviour, which is the actual rebuying of a brand, regardless of commitment. True loyalty, in this context, encompasses a non-random, behavioural
response which results from evaluation processes that result in commitment (Bloemer and Kasper, 1995). This is in contrast to spurious brand loyalty which is a function of inertia. However, loyalty is a multi-dimensional construct and includes both positive and negative responses (Zeithaml et al., 1996).

As researchers (Gale, 1994, 1997; Laitamaki and Kordupleski, 1997) have recommended that firms orient their strategies for customer retention toward superior customer value delivery, because customer value is a key antecedent of customer retention. Customer value is usually operationalized as a trade-off between quality (benefit) and cost (price).

Further analysis needed to detect true brand loyalty requires researchers to assess consumer beliefs, affect, and intention within the traditional consumer attitude structure. More specifically, all three decision-making phases must point to a focal brand preference if true brand loyalty exists. Thus, (1) the brand attribute ratings (beliefs) must be preferable to competitive offerings, (2) this "information" must coincide with an affective preference (attitude) for the brand, and (3) the consumer must have a higher intention (conation) to buy the brand compared with that for alternatives.

2.5.1 Loyalty Phases

Oliver's (1997) framework follows this cognition-affect--conation pattern but differs in that he argues that consumers can become "loyal" at each attitudinal phase relating to different elements of the attitude development structure. Specifically, consumers are theorized to become loyal in a cognitive sense first, then later in an affective sense, still later in a conative manner, and finally in a behavioral manner, which is described as "action inertia."

According to Oliver (1999), there are four phases of loyalty as follows:

**Cognitive loyalty:** In the first loyalty phase, the brand attribute information available to the consumer indicates that one brand is preferable to its alternatives. This stage is referred to as cognitive loyalty, or loyalty based on brand belief only.
Cognition can be based on prior or vicarious knowledge or on recent experience-based information. Loyalty at this phase is directed toward the brand because of this "information" (attribute performance levels). This consumer state, however, is of a shallow nature. If the transaction is routine, so that satisfaction is not processed (e.g., trash pickup, utility provision), the depth of loyalty is no deeper than mere performance. If satisfaction is processed, it becomes part of the consumer's experience and begins to take on affective overtones.

**Affective loyalty:** In the second phase of loyalty development, a liking or attitude towards the brand has developed on the basis of cumulatively satisfying usage occasions. This reflects the pleasure dimension of the satisfaction definition—pleasurable fulfillment—as previously described. Commitment at this phase is referred to as affective loyalty and is encoded in the consumer's mind as cognition and affect. Whereas cognition is directly subject to counter argumentation, affect is not as easily dislodged. The brand loyalty exhibited is directed at the degree of affect (liking) for the brand. Similar to cognitive loyalty, however, this form of loyalty remains subject to switching, as is evidenced by the data that show that large percentages of brand defectors claim to have been previously satisfied with their brand. Thus, it would be desirable if consumers were loyal at a deeper level of commitment.

**Conative loyalty:** The next phase of loyalty development is the conative (behavioral intention) stage, as influenced by repeated episodes of positive affect toward the brand. Conation, by definition, implies a brand-specific commitment to repurchase. Conative loyalty, then, is a loyalty state that contains what, at first, appears to be the deeply held commitment to buy noted in the loyalty definition. However, this commitment is to the intention to rebuy the brand and is more akin to motivation. In effect, the consumer desires to repurchase, but similar to any "good intention," this desire may be an anticipated but unrealized action.

**Action loyalty:** This is a study mechanism by which intentions are converted to actions is referred to as "action control" (Kuhl and Beckmann, 1985). In the action control sequence, the motivated intention in the previous loyalty state is transformed into readiness to act. The action control paradigm proposes that this is accompanied by an additional desire to overcome obstacles that might prevent the act. Action is
perceived as a necessary result of engaging both these states. If this engagement is repeated, action inertia develops, thereby facilitating repurchase.

The four-stage loyalty model has different vulnerabilities, depending on the nature of the consumer's commitment, which are summarized in Table 2.1. Cognitive loyalty is based on performance levels, whether functional, aesthetic, or cost-based, and is thereby subject to failings on these dimensions.

Table 2.2: Loyalty phases with corresponding Vulnerabilities.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Identifying Marker</th>
<th>Vulnerabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive</td>
<td>Loyalty to information such as price, features and so forth.</td>
<td>Actual or imagined better competitive features or price through communication (e.g., advertising) and vicarious to re personal experience deterioration in brand features or price. Variety seeking and voluntary trial.</td>
</tr>
<tr>
<td>Affective</td>
<td>Loyalty to a liking: “I buy because I like it”</td>
<td>Cognitively induced dissatisfaction. Enhanced liking for competitive brands perhaps conveyed through imagery and association. Variety seeking and voluntary trial. Deteriorating performance is also a prime vulnerability in this stage.</td>
</tr>
<tr>
<td>Conative</td>
<td>Loyalty to an intention: “I am committed to buying it”</td>
<td>Persuasive counter argumentative competitive messages. Induced trial (e.g. coupons, sampling, point-of purchase promotions). Deteriorating performance is also a prime vulnerability in this stage.</td>
</tr>
<tr>
<td>Action</td>
<td>Loyalty to action inertia, coupled with the overcoming of obstacles.</td>
<td>Induced unavailability (e.g. Stock lifts-purchasing the entire inventory of competitor’s product from a merchant). Increased obstacles generally. Deteriorating performance is also a prime vulnerability in this stage.</td>
</tr>
</tbody>
</table>
2.6 Relationship between independent and dependent variables

2.6.1 Relationship between Perceived Quality and Satisfaction

Satisfaction and perceived quality are highly inter-correlated (Bitner And Hubbert, 1994). Both theoretical and empirical argument for the order occurrence between quality and satisfaction have been put forward (Cronin et al., 2000), and most marketing researchers accept a theoretical framework, in which quality performance leads to satisfaction. (Dabholkar et al., 2000). Quality is an evaluation or appraisal of attribute performance (Johnson and Fornell, 1991). Satisfaction reflects the impact of the performance on people feelings state (Rosenberg, 1960).

Satisfaction is one facet of a global affect of evaluation that can be predicted from quality beliefs as cognitive component of the evaluation (Johnson and Fornell, 1991). The relationship between quality performance and satisfaction (Quality satisfaction consistency) is moderate to high (Szymanski and Henard, 2001).

As inferred by Matzler, Hinterhuber et al., (1996) if one knows to what extent a product feature influences the perceived product quality and in turn influences customer satisfaction (must-be, one-dimensional or attractive requirement), and if one is aware of the relative significance of this product feature and assessment from the customer's viewpoint compared to the competitors, the satisfaction portfolio (Figure 2.5) can be drawn up and suitable measures taken. Of utmost priority are those product requirements which the customer regards as important and which show disadvantages with respect to competitors' products. The long-term objective is to improve customer satisfaction with regard to important product features in order to establish tenable competitive advantages.
2.6.2 Relationship between perceived Service Quality and Customer satisfaction

Parasuraman et al., (1988) conceptualized perceived service quality as a long-run overall evaluation about a service, whereas satisfaction is a transaction-specific evaluation. Based on these conceptualizations, they posited that incidents of satisfaction over time result in perceptions of service quality. Bitner (1990) developed a model of service encounter evaluation and empirically supported the effect of satisfaction on service quality.

In contrast to this perspective, some other researchers argued and empirically supported that perceived service quality is an antecedent of customer satisfaction. Cronin and Taylor (1992) reported that in their structural analysis for the causal relations among satisfaction, overall service quality, and purchase intention, the coefficients of path for service quality $\rightarrow$ satisfaction $\rightarrow$ purchase intention appeared to be all significant while the coefficients of path for satisfaction $\rightarrow$ service quality $\rightarrow$ purchase intention were insignificant.
2.6.3 Relationship between Customer satisfaction and loyalty

The service profit chain (Heskett et al., 1994) hypothesizes that:
Customer satisfaction $\rightarrow$ Customer loyalty $\rightarrow$ Profitability.

The above relation emphasizes the importance of study on customer satisfaction which leads to customer loyalty. According to Johnson (2001) the relationship between loyalty and customer satisfaction are positive but varies between products. Customer satisfaction has been regarded as an antecedent of repurchase, but today such a traditional belief has begun to be challenged as counterarguments arise that higher CS does not necessarily result in higher repurchase (Jones and Sasser, 1995; Stewart, 1997).

A study by Oliver (1999) on the intricacies of customer loyalty and Customer satisfaction indicates that, although loyal consumers are most typically satisfied, satisfaction still is an unreliable precursor to loyalty. This observation raises two important questions: (1) What aspect of the satisfaction response has implications for loyalty? and (2) What fraction of the loyalty response is due to this satisfaction component?. Six of the many and diverse possible associations of satisfaction and loyalty are shown as panels in Figure 2.6. Panel I entertains the elementary assumption that satisfaction and loyalty are separate manifestations of the same concept, in much the same way that early total quality management promoters assumed that quality and satisfaction were identical pursuits. Panel 2 suggests that satisfaction is a core concept for loyalty, without which loyalty cannot exist, and that it anchors loyalty. Panel 3 relaxes the nucleonic role of satisfaction and suggests that it is an ingredient of loyalty but only one of its components. Panel 4 suggests the super ordinate existence of ultimate loyalty (which will be discussed subsequently), of which satisfaction and "simple" loyalty are components. Panel 5 is true to the preceding statement that some fraction of satisfaction is found in loyalty and that that fraction is part of, but not key to, the very essence of loyalty. Finally, Panel 6 suggests that satisfaction is the beginning of a transitioning sequence that culminates in a separate loyalty state. This situation also suggests that loyalty may become independent of satisfaction so that reversals in the satisfaction experience (i.e., dissatisfaction) will not influence the loyalty state.
The research led to the following inferences. Panel 1, which suggests that satisfaction and loyalty are two manifestations of the same concept, is dismissed easily. From the definitions proffered in Oliver (1997) it is clear that the two concepts are distinct. Satisfaction is a fairly temporal postusage state for one-time consumption or a repeatedly experienced state for ongoing consumption that reflects how the product or service has fulfilled its purpose. From the perspective of the firm, satisfaction is delivered to the consumer. Loyalty, in contrast, is an attained state of enduring preference to the point of determined defense.

Panels 2 and 3 suggest that satisfaction is an essential entity for the emergence of loyalty. The first argues that satisfaction is "core," the second only that it is necessary. There is merit to these perspectives, because no possibility studied entertains loyalty development without early or concurrent satisfying episodes. Although satisfaction may not be a core element of loyalty, particularly after loyalty has been established, it is difficult to entertain loyalty development without satisfaction. The endurance of loyalty is another matter, however.

Panels 2 and 3 diverge in terms of the degree to which loyalty totally encompasses satisfaction (i.e., satisfaction is contained entirely within loyalty). It is simple to demonstrate common consumption situations in which satisfaction exists without loyalty (a satisfying meal, regardless of the entree) and loyalty exists without satisfaction (unequivocal blind faith, "my country, right or wrong").
In this sense, Panel 5 is more accurate, in that it shows satisfaction and loyalty in an overlapping posture, but the percentage of overlap is small in relation to the content of each construct. However, Panel 5 fails on the criterion of the independence of satisfaction and loyalty for the situations described.

This leaves Panels 4 and 6, the first of which suggests that a super ordinate concept, ultimate loyalty, encompasses both satisfaction and loyalty. For the same reasons discussed for Panels 2 and 3, the containment element of this description can be dismissed, but the notion of ultimate loyalty as super ordinate can be endorsed. In the attitude theme of loyalty, four forms of lesser loyalty-cognitive, affective,
conative, and action-were entertained. In their own way, these are variants of loyalty. It is not until fortitude develops that ultimate loyalty becomes possible.

This leads the discussion to Panel 6, in which satisfaction becomes transformed into loyalty. After this metamorphosis, the two creatures are not the same and share virtually no common characteristics except for their biological origins. This is truly an extreme position, for it suggests that loyalty never can return to mere satisfaction. Oliver, and MacMillan (1992) have empirically suggested that there is a threshold at which loyalty can revert to dissatisfaction in the face of repeatedly unsatisfactory purchase episodes. What has not been shown is the case in which loyalty reverts to (positive) satisfaction and the consumer becomes open to competitive advances.

2.6.4 Relationship between Perceived Quality, Customer satisfaction and loyalty

According to Cronin and Zeithaml (2000), a positive correlation exists between quality performance and loyalty. Satisfaction acts as a mediator between quality (belief evaluation) and loyalty (behavior) (Olsen, 2002). This mean that quality has only an indirect influence on loyalty through satisfaction (Bloemer and de Ruyter,1998) .This assumption is also in accordance wit the cognition –affect behavior hierarchy within expectancy value theory (Eagly and Chaiken, 1993) and supports the cumulative satisfaction approach (Johnson et al., 2001)and the loyalty phase frameworks (Oliver, 1999).

![Figure 2.4: The Satisfaction –Loyalty Model](image)

2.6.5 Relationship between Price Fairness on Satisfaction and Loyalty

From a consumer's perspective, price is what is given up or sacrificed to obtain a product. When consumers perceive that the price of a service or product is reasonable, it is possible for them to display the intention of repeat purchase behavior. On the other hand, if consumers do not feel that their sacrifices are worthwhile, they may not make the purchase again, even when they are satisfied with the quality of a product or service. (Bei, Chao et al., 2001). The effect of price on satisfaction has received considerably less research attention than have the roles of expectations and performance perceptions (Spreng, Dixon, and Olshavsky, 1993).

Figure 2.5: A contingency model of the impact of pre-purchase expectations and post purchase perceptions of price and performance on Satisfaction

A research study was conducted by Voss, Parasuraman, and Grewal (1998) on relative impact of performance and price perceptions on satisfaction judgments. They suggest that prepurchase price perceptions likely play an increased role in determining both prepurchase preference and post purchase satisfaction. In demand-oriented pricing; as demand and prices for the services fluctuate from low to high, consumers sometimes are forced to pay more for the service than they believe is fair. In such cases, the fairness of the price-and not the service performance may be dominant determinant of satisfaction, and prepurchase price perceptions might act as reference points for both post purchase price perceptions and subsequent satisfaction judgments. As long as there is no change in the actual price from the pre- to the post purchase assessment, post purchase price perceptions and satisfaction will assimilate with prepurchase price perceptions.

2.7 Empirical Research

1. Lien-Ti Bei and Yu-Ching Chiao (2001) conducted research on “An integrated model on the effects of perceived product, perceived service quality, and perceived price fairness on consumer satisfaction and loyalty”

The objective of this study was 1) to balance service quality and product quality into an integrated model, and 2) to explore the effects of three consumer perceptions (product quality, service quality, and price fairness) on satisfaction and loyal behavior. Automobile maintenance service was chosen as target service industry, as both technicians' skills and parts' quality are essential to consumers.

A survey of 495 customers was conducted in 15 repair centers of three major auto firms, Mitsubishi, Nissan, and Toyota in Taiwan. Five maintenance service centers were selected for each of these three companies, a total of fifteen, located in the Greater Taipei Metropolitan Area were chosen for the study. Roughly 40 to 90 copies were distributed in each center depending on its business volume. A total of 650 sets of questionnaire were distributed. Each customer received a copy of the questionnaire while checking out in the waiting room. The questionnaire was collected before the customer left. The response rate was 97.69%. Nearly all the respondents (95.76%) had their cars fixed at only one or a few maintenance service centers, and 95.35% of the respondents had previously been at this service center.
Therefore, responses to the survey were based upon the customers' current experiences or on a combination of previous experiences and current experiences with the surveyed service center.

The questionnaire contained three sections. The first section was about the experience and overall evaluation of purchasing car maintenance services, relating to frequency, quality judgment and satisfaction toward the services, parts, and price in the current center, and loyalty. The second section was about the perception of service quality. The last part was concerned with personal background information. Confirmatory Factor Analysis and Path Analysis are first employed through use of the LISREL model.

The results illustrated that (a) perceived service quality mainly affects consumer loyalty through satisfaction, while (b) perceived product quality and perceived price fairness have both direct and indirect (through satisfaction) effects on loyalty. Consumers' perceptions about service quality, product quality, and price fairness are almost equally important to build up their satisfaction.

2. Hellier, Geursen, Carr and Rickard (2003) conducted research on “Customer repurchase intention”

The objective of this paper was to test a general model which aimed to describe the extent to which customer intention to repurchase a service is influenced by customer perceptions of quality, equity and value, customer satisfaction, past loyalty, expected switching cost and brand preference. The researchers emphasized that customer repurchase intention research is largely fragmented and is in need of an empirically verified general theory.

A total of 6,923 questionnaires were sent out of which 1132 returns were usable. The data used to test the research propositions were obtained by a stratified random sample. A postal questionnaire was used to survey metropolitan customers of personal superannuation or comprehensive car insurance, from four large insurance companies.
To ensure sufficient variation across the components to be analysed, customers from two different types of insurance companies and two different types of insurance services were surveyed. Customers from retail and wholesale insurance companies were included in the study. This enabled the model to be applied to customers who purchased directly from the company (retail companies) and those who purchased the service via an intermediary or agent (wholesale companies). A stratified random sample survey approach was adopted so that various subgroups were adequately represented in the sample. To ensure that customers with reasonable experience of their company's service were included in the survey, 50 per cent of those selected for survey had made a change to, or a claim on, their car insurance policy in the last three years. Conversely, 50 per cent of those selected for survey had not made a change to, or a claim on, their policy.

The research model consisted of the following eight factors; Perceived Quality, Perceived Value, Perceived Equity, Customer satisfaction, Customer loyalty, Customer satisfaction, Brand preference, Switching Cost. A minimum seven-point Likert scale was used for each variable question, except for the loyalty component which was adapted from the Burford et al., (1971) loyalty index. A structural equation model using EQS was applied to the research model.

The study supported the hypothesis that perceived quality influences respondent satisfaction indirectly, via perceptions of service equity and value. This study supported the view that customer satisfaction does not influence repurchase intention directly, but indirectly via brand preference. The study also found that for some subgroups, respondent past loyalty had little direct effect on current brand preference, thus emphasizing that previously loyal customers are not necessarily presently satisfied customers or committed future customers.

3. Olsen (2002) conducted a research on comparative evaluation and the relationship between quality, satisfaction, and repurchase loyalty

This study evaluated the alternative measurement approaches to examining the relationship between perceived quality performance, customer satisfaction, and repurchase loyalty. The authors defined and measured the constructs within a relative attitudinal framework and compare these results to a noncomparative or individual
evaluation of products. The proposed model, with satisfaction as a mediator between quality and repurchase loyalty was found to be an acceptable representation of the data across four products and for both comparative and noncomparative evaluations.

The research further investigated the predictive relationship between cognitive quality performance, affective satisfaction, and repurchase loyalty. The research studied the comparisons between different buying alternatives within a customer's consideration set versus a single or noncomparative evaluation.

Four different "generic" product categories of seafood products were selected as the target: home frozen, frozen from supermarket, fresh from supermarket, and fresh from seafood store. A total of 2500 Questionnaires, cover letters, and prepaid return envelopes were sent to randomly selected families in Norway. These families were prerecruited by phone to identify their status and the name of the target person and to give information about the survey. The questionnaire was addressed to the person responsible for preparing the family dinner in the household. About 1,450 of the questionnaires (58%) were returned within the required period. Most of the respondents were female (80%), and their ages covered the whole range from 20 to 70. The confirmatory factor analysis using maximum likelihood estimation in LISREL 8.30 was conducted. PRELIS 12.2 with list wise deletion was used to analyze the raw data and create the covariance matrices used as input.

The results confirmed strong positive relationship between satisfaction and loyalty across the four different products. The satisfaction-loyalty relationship was weaker than the relationship between quality and satisfaction. High positive correlation between quality and satisfaction was found to exist with some variation between products. The proposed model, with satisfaction as a mediator between quality and repurchase loyalty (Q --> S --> L), provided an acceptable fit across all products.
CHAPTER III
RESEARCH FRAMEWORKS

This chapter focuses on the theoretical and conceptual frameworks of the research and consists of four sections. The first section elaborates on the theoretical framework on which the present research is based. The next section covers the conceptual framework. In the third section, hypothesis statements are drawn from the conceptual framework that was tested in this research. The final section shows the operationalization of the related variables that explain all the component variables used in the study.

3.1 Theoretical Framework

A theoretical framework is a conceptual model of how one theorizes the relationship among several factors that have been identified as important to the problems. It discusses the relationship among the variables that are deemed to be integral to the dynamics of the situation being investigated (Sekaran, 1992).

Parasuraman, Zeithaml and Berry (1998) suggested that service quality, product quality and price, all influence satisfaction. Lein-Ti Bei (2001) found that consumers establish higher loyalty toward a service when they were more satisfied. The study indicated that perceived product quality and perceived price fairness played important roles on satisfaction. Perceived service quality had only indirect effect on loyalty through satisfaction. However, perceived product quality and price fairness both had direct and indirect effects on loyalty. As service was considered intangible, consumers could only form their attitudes toward service quality through perception. According to Lien-Ti Bei (2001) the attitudinal inherence limited the influences of perceived service quality only on satisfaction, but not directly on loyalty. The study also confirmed that, perceived product quality and perceived price fairness affect and, are the sources of consumer satisfaction.
**Figure 3.1: Theoretical Framework**


### 3.2 Conceptual Framework

A concept is a generalized idea about a class of objects, an abstraction of reality that is the basic unit for theory development. Concepts are the basic building blocks of scientific investigation. A conceptual model is any high-formalized representation of a theoretical framework, usually designed through the use of symbols or other such physical analogues. The models can be examined, analysed and tested as a theoretical system (Zikmund, 2003).

An independent variable is a presumed cause of the dependent variable, the presumed effect. The independent variable produces a change in the dependent variable. The conceptual framework for this study is represented in Figure 3.2, which is developed to determine the effects of perceived product quality, perceived Service Quality and Perceived Price fairness on Customer Satisfaction and Customer Loyalty.
The Components of the Conceptual model

The above Figure 3.2 illustrates the overall setting for this study. It indicates the three independent variables: Perceived Product Quality, Perceived Service Quality, Perceived Price fairness that influence the dependent variable: Customer Satisfaction and Customer Loyalty.

Customer Satisfaction

Customer satisfaction can be defined as the cognitive and affective response to the consumption experience (Oliver, 1997; Yi, 1990). A direct performance appraisal is chosen to measure the consumers overall satisfaction with the maintenance center, as suggested by Finn and Kayande (1997).

Customer Loyalty:

Customer loyalty can be defined as "the sense of allegiance or emotional attachment a customer has toward a specific company, its people, products or services." These feelings are exhibited when customers repurchase a company's products or services, the ultimate expression of loyalty (Mc Cullagh, 2000).
Perceived Quality:

Perceived quality can be defined as the customer’s judgment of the overall quality or superiority of a product or service relative to alternatives (Zeithaml, 1988). Perceived product quality in this research is the quality of automobile spare parts and of oil change offered by the automobile maintenance center.

Perceived Service Quality:

Parasuraman, Zeithaml, and Berry (1988) define perceived service quality as “a global judgment, or attitude, relating to the superiority of the service.”

Perceived Price Fairness:

Price Fairness is the consumer assessment and associated emotions of whether the difference (or lack of difference) between a seller’s price and the price of a comparative other party is reasonable, acceptable, or justifiable (Xia, Monroe, Cox, 2004).

3.3 Hypotheses Statement

A hypothesis is a researcher’s conjecture about the relationship of two or more variables. Davitz (1996) stated hypotheses are statements predicting results prior to conducting research. Hypotheses explain what has been observed (Hart, 2000). Zikmund (2003) stated that the hypothesis is an unproven proposition or supposition that tentatively explains certain facts or phenomena; a proposition that is empirically testable, a probable answer to a research question.

Group A: Hypothesis testing: Customer Satisfaction

H_{10}: There is no relationship between perceived product quality and customer satisfaction.
H₁₀: There is a relationship between perceived product quality and customer satisfaction.

H₂₀: There is no relationship between perceived service quality and customer satisfaction.

H₂ₐ: There is a relationship between perceived service quality and customer satisfaction.

H₃₀: There is no relationship between perceived price fairness and customer satisfaction.

H₃ₐ: There is a relationship between perceived price fairness and customer satisfaction.

**Group B: Hypothesis testing: Customer Loyalty.**

H₄₀: There is no relationship between perceived product quality and customer loyalty.

H₄ₐ: There is a relationship between perceived product quality and customer loyalty.

H₅₀: There is no relationship between perceived service quality and customer loyalty.

H₅ₐ: There is a relationship between perceived service quality and customer loyalty.

H₆₀: There is no relationship between perceived price fairness and customer loyalty.

H₆ₐ: There is a relationship between perceived price fairness and customer loyalty.

H₇₀: There is no relationship between Customer satisfaction and customer loyalty.

H₇ₐ: There is a relationship between Customer satisfaction and customer loyalty.
3.4 Concepts and Variable Operationalization

A concept is a generalized idea about a class of objects, attributes, occurrences, or process. Conceptual definition is a verbal explanation of the meaning of a concept. It defines what the concept is and what is not. Concepts must be made operational, in order to be measured. An operational definition gives meaning to a concept by specifying the activities or operations necessary to measure it. The operational definition specifies what the researcher must do to measure the concept under investigation. Operational definition assists to specify the rules for assigning numbers. The value assigned in the measuring process can be manipulated according to certain mathematical rules (Zikmund, 2003).

Table 3.1: Operational definition of influencing Variables

<table>
<thead>
<tr>
<th>Concept</th>
<th>Conceptual Definition</th>
<th>Operational Components</th>
<th>Type of Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Independent) Perceived Product Quality.</td>
<td>It is the customer’s judgment about products overall excellence or superiority. In this case the quality of spare/replacement parts.</td>
<td>Perception of Quality &lt;br&gt;- Spare/Replacement part quality &lt;br&gt;- Technologically advanced Equipments &lt;br&gt;- Durability &lt;br&gt;- Accessory quality &lt;br&gt;- Cleaning</td>
<td>Interval Scale</td>
</tr>
<tr>
<td>(Independent) Perceived Service Quality</td>
<td>The long term component of service satisfaction and is a measure of how well a delivered service meets customer expectation.</td>
<td>Perception of Service Quality &lt;br&gt;- Cleanliness. &lt;br&gt;- Trust. &lt;br&gt;- Professional ability. &lt;br&gt;- Promptness. &lt;br&gt;- Technical competence.</td>
<td>Interval Scale</td>
</tr>
<tr>
<td>(Independent) Price Fairness is the</td>
<td></td>
<td>Perception of Price Fairness.</td>
<td></td>
</tr>
<tr>
<td>Perceived Price Fairness</td>
<td>Consumer assessment and associated emotions of whether the difference (or Lack of difference) between a sellers price and the price of a comparative other party is reasonable, acceptable, or justifiable.</td>
<td>- Spare parts price. - Oil change price. - Labour price. - Price estimate.</td>
<td>Interval Scale</td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>(Dependent) Customer Satisfaction</td>
<td>Customer satisfaction is “the consumer’s fulfillment response, the degree to which the level of fulfillment is pleasant or unpleasant”.</td>
<td>- Product Quality. - Mode of payment. - Convenient hours. - Location. - Quality of work.</td>
<td>Interval Scale</td>
</tr>
<tr>
<td>(Dependent) Customer Loyalty</td>
<td>Customer loyalty expresses an intended behavior related to the product/service or the company.</td>
<td>- Re-Purchase intention - Word of Mouth.</td>
<td>Interval Scale</td>
</tr>
</tbody>
</table>
CHAPTER IV

RESEARCH METHODOLOGY

This chapter provides an overview of the research methodology of the study. The first section describes the research methods used. The second section explains the sampling procedure. The next section focuses on the research instrument, collection of data/gathering procedure and data analysis techniques. The final section identifies the appropriate statistical method used to interpret the data.

4.1 Research Methods Used

This study is envisaged as a descriptive one in which survey research technique was used to collect the primary data. A survey is a research technique in which information is gathered from a sample of people by using a questionnaire, a method of data collection based on communication with a representative sample of target population. The reason for using this method is that, a survey provides a quick, inexpensive, efficient and accurate means of assessing information about the respondents (Zikmund, 2003).

4.2 Respondents and Sampling procedures

Target Population

The term target population refers to any clearly definable group of individuals and/or families who are experiencing a problem or need (Zikmund, 2003). The target population for this research were the owners of Honda cars who have used the service of Honda service centers in Bangkok.

Sampling Unit

In this research, the sampling unit was the customer, who has used the Honda service centers in Bangkok.
Determining Sample Size

The researcher selected a sample of people who have used the service of Honda service centers. The data relating to the number of Honda cars that are used by Bangkokians is kept in strict confidence by Honda and its dealers. It is also not clear whether all Honda owners go to Honda service centers for their vehicle service as there are many private and low cost automobile service centers.

Therefore, for this research, the sample size was determined by estimating proportion and for this the procedure is to use the sample proportion to estimate the unknown population proportion. Moreover, the researcher makes a judgment about the confidence level and maximum allowance for random sampling error. Thus the sample size for this research is calculated from the following formula (Malhotra, 2004).

\[
\begin{align*}
\text{n} &= \frac{Z^2 \times p \times q}{e^2} \\
\text{Or}
\text{n} &= \frac{Z^2 \times p \times (1-p)}{e^2}
\end{align*}
\]

Where,

\(n\) = Sample size

\(Z\) = Z score is based on researchers desired level of confidence which is set at 95%. Then, the number of standard score of \(Z\) associated with confidence level is equal to 1.96

\(p\) = Estimated proportion of success. The entire estimate of the proportion is assumed to be 0.5

\(q\) = 1 - \(p\)

\(e\) = The allowable error (precision) is 0.05 or 5%
Therefore, the total of the sample size is

\[ n = \frac{Z^2 \cdot p (1-p)}{e^2} \]

\[ = \frac{(1.96)^2 \cdot (0.5) \cdot (1-0.5)}{(0.05)^2} \]

\[ = 384.16 \text{ samples} \]

\[ \sim 385 \text{ Samples} \]

The result from the calculation of the sample size is 385.

**Sampling Method**

Zikmund (2003) stated that sampling is the process of using a small number of items or parts of the whole population to make conclusions regarding the whole population. In this research non-probability procedure was used for selecting the respondents. In non-probability sampling the probability of any particular member of the population being selected is unknown.

The researcher was unable to assess the database of the Honda service center, as the list of customers, who have used the service center of Honda, was held in the strictest confidence. For this research, an on-site survey using a self administered questionnaire was used to collect data.

The researcher used convenience sampling to gather the data from various parking lots of Shopping Malls, Universities in Bangkok, Residential Condominiums. Convenience sampling (also called accidental sampling) refers to sampling by obtaining units or people who are most conveniently available. This method is useful to obtain a large number of completed questionnaires, quickly and economically (Zikmund, 2003). The data was collected from 1\textsuperscript{st} August to 25\textsuperscript{th} August from various parking lots.
4.3 Research Instrument /Structured Questionnaire

The instrument used in this research was self-administered questionnaire. Zikmund (2003) defined a self-administered questionnaire as the questionnaire that is filled in by the respondents rather than the interviewer. The researcher distributed the questionnaires to respondents personally. It is different from interviews because the respondent takes responsibility for reading and answering the questions. Closed questions were used in this research for gathering the information from the target respondents.

The questionnaire was adapted from the survey on “Car repair center users” by Lien Ti Bei in Taiwan conducted in 2001. The questionnaire was divided into three sections. The first section consisted of a set of five questions each, for the independent variables, Perceived Quality, and Perceived Price Fairness and ten questions for Perceived Service Quality.

The second section consisted a set of five questions each, for the dependent variables. The third section consisted questions regarding the demographic profile. In this section Nominal scale was used.

The analysis employed a five point Likert Scale to depict the degree of agreement or disagreement. The five point scale was used because it provides a more accurate picture of the data that has been collected.

| Strongly disagree | 1 |
| Disagree          | 2 |
| Neutral           | 3 |
| Agree             | 4 |
| Strongly Agree    | 5 |
4.3.1 Pre-testing of questionnaire

Zikmund (2003) stated that pre-test is a trial run with a group of respondents used to screen out problems in the design of a questionnaire. A pretest or pretests, if necessary, often identify the problems in wordings, questionnaire format and other areas which have profound impact on the validity of the findings from the study (David and Cosenza, 1988). Vanichbuncha (2001) argued that in order to conduct pretest, the number of respondents should be at least 25. For this research, the questionnaires were distributed to 30 respondents, who have used the service of Honda service centers, in Assumption University Bang-na and Huamark campus in the first week of July, 2005. To find out the reliability the results of the questionnaires are analyzed with SPSS program by using the Cronbach Alpha Scores.

The result of the reliability analysis shown in the Table 4.1 below:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perceived product quality</td>
<td>0.7571</td>
</tr>
<tr>
<td>Perceived service quality</td>
<td>0.7853</td>
</tr>
<tr>
<td>Perceived price fairness</td>
<td>0.9387</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>0.6420</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>0.7632</td>
</tr>
</tbody>
</table>

Sekaran (2000) stated that if the reliability value is at least 0.6, a questionnaire is considered reliable. The reliability value of all the variables in this research are more than 0.6, so the questionnaire has sufficient validity for use in this study.

4.4 Collection of data and gathering procedure

In this study, the researcher gathered information from two sources, which are primary data and secondary data.
The primary data was collected using self-administered questionnaires that were distributed to the respondents at the various parking lots. The owners of Honda cars, that are driven into the lot, or parked, were approached and after being told the objectives of the research, were asked whether they would participate in the study. The data was collected from in the month of August 2005. Secondary data was collected from Journals, Newspaper, Previous research papers, Text books and Internet websites.

4.5 Statistical treatment of Data

The data obtained from the questionnaires was encoded and analyzed using the statistical package for social science (SPSS). All the statistical procedures were performed by computer software package to ensure accuracy and to minimize cost. The statistical procedures used in this research are explained in the following section.

4.5.1 Descriptive Analysis

Descriptive analysis refers to the transformation of the raw data into a form that will make them easy to understand, and interpret. Describing responses of observations is typically the first form of analysis. The calculation of the average, frequency distribution, and the percentage distribution is the most common form of summarizing data (Zikmund, 2003). Therefore the researcher used descriptive analysis to describe the data meaningfully.

4.5.2 Inferential Statistics

Pearson product-moment correlation coefficient

Pearson product-moment correlation coefficient was used in this research to test all the hypotheses. Pearson's correlation is a parametric test for the strength of the relationship between pairs of variables. It tests the magnitude and direction of relationships. The Pearson product moment correlation measures the linear relationship between two interval and/or ratio scaled variables (Burns and Bush, 2005). As both independent and dependent variables of this research are measured using the interval scale and the researcher is interested in finding the relationship between the independent and dependent variable, the appropriate statistical technique is Pearson Product Moment Correlation coefficient.
The Pearson's product moment correlation is calculated by,
\[
 r = \frac{\sum_{i=1}^{N}(X_i - \bar{X})(Y_i - \bar{Y})}{\sqrt{\sum_{i=1}^{N}(X_i - \bar{X})^2 \sum_{i=1}^{N}(Y_i - \bar{Y})^2}}
\]

where, the symbol \( \bar{X} \) and \( \bar{Y} \) represent the sample means of \( X \) and \( Y \), respectively.

The correlation coefficient may take any value between -1.0 and +1.0. Where -1.0 is a perfect negative (inverse) correlation, 0.0 is no correlation, and 1.0 is a perfect positive correlation.

Table 4.2: The statistical test for hypotheses

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Statistics used</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test relationship between Perceived Product Quality</td>
<td>Pearson product-moment correlation</td>
</tr>
<tr>
<td>and Customer satisfaction.</td>
<td>coefficient.</td>
</tr>
<tr>
<td>Test relationship between Perceived Service Quality</td>
<td>Pearson product-moment correlation</td>
</tr>
<tr>
<td>and Customer satisfaction.</td>
<td>coefficient.</td>
</tr>
<tr>
<td>Test relationship between Perceived Price fairness</td>
<td>Pearson product-moment correlation</td>
</tr>
<tr>
<td>and Customer satisfaction.</td>
<td>coefficient.</td>
</tr>
<tr>
<td>Test relationship between Perceived Product Quality</td>
<td>Pearson product-moment correlation</td>
</tr>
<tr>
<td>and Customer loyalty.</td>
<td>coefficient.</td>
</tr>
<tr>
<td>Test relationship between Perceived Service Quality</td>
<td>Pearson product-moment correlation</td>
</tr>
<tr>
<td>and Customer loyalty.</td>
<td>coefficient.</td>
</tr>
<tr>
<td>Test relationship between Perceived Price fairness</td>
<td>Pearson product-moment correlation</td>
</tr>
<tr>
<td>and Customer loyalty.</td>
<td>coefficient.</td>
</tr>
<tr>
<td>Test relationship between Customer satisfaction and</td>
<td>Pearson product-moment correlation</td>
</tr>
<tr>
<td>Customer Loyalty.</td>
<td>coefficient.</td>
</tr>
</tbody>
</table>
CHAPTER V
PRESENTATION OF DATA AND CRITICAL DISCUSSION OF RESULTS

This chapter exhibits the results of the survey and the resulting inferences by the application of the aforementioned statistics in chapter four. The data was obtained from 400 respondents and was used for hypothesis testing that measures the relationship between the independent variables and dependent variable by using the Pearson Correlation coefficient. Data is interpreted using the SPSS program. The data analysis is divided into two sections. The first section consists of descriptive statistics and second section consists of hypothesis testing.

Section 1: Descriptive Statistics

5.1: Descriptive analysis of Demographic characteristics

In this research, the demographic characteristics of respondents include gender, age, occupation, education level and income. In addition, the respondents were asked to indicate the model of the car owned and years of usage.

Table 5.1: Gender of respondents

<table>
<thead>
<tr>
<th>Gender of the respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid male</td>
<td>169</td>
<td>42.3</td>
<td>42.3</td>
<td>42.3</td>
</tr>
<tr>
<td>female</td>
<td>231</td>
<td>57.8</td>
<td>57.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The Table 5.1 shows that among all the 400 respondents, 231 respondents are females representing 57.8% and 169 respondents are males representing 42.3%.
Table 5.2: Age of respondents

<table>
<thead>
<tr>
<th>Age Category</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>below 20 years</td>
<td>43</td>
<td>10.8</td>
<td>10.8</td>
<td>10.8</td>
</tr>
<tr>
<td>21-30 years</td>
<td>199</td>
<td>49.8</td>
<td>49.8</td>
<td>60.5</td>
</tr>
<tr>
<td>31-40 years</td>
<td>117</td>
<td>29.3</td>
<td>29.3</td>
<td>89.8</td>
</tr>
<tr>
<td>41-50 years</td>
<td>32</td>
<td>8.0</td>
<td>8.0</td>
<td>97.8</td>
</tr>
<tr>
<td>More than 50 years</td>
<td>9</td>
<td>2.3</td>
<td>2.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.2 shows the classification of respondents by their age groups and frequency distribution. Among 400 respondents, 199 respondents are aged between 21-30 years, representing 49.8% of the total respondents. The age group 31-40 years old consisted of 117 respondents or 29.3%, 43 respondents are below 20 years old representing 10.8%, 32 respondents are in the age group 41-50 years, representing 8.0%, and 9 respondents are more than 50 years, representing 2.3%.

Table 5.3: Marital status of respondents

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>257</td>
<td>64.3</td>
<td>64.3</td>
<td>64.3</td>
</tr>
<tr>
<td>married</td>
<td>128</td>
<td>32.0</td>
<td>32.0</td>
<td>96.3</td>
</tr>
<tr>
<td>divorced</td>
<td>15</td>
<td>3.8</td>
<td>3.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.3 shows that most of the respondents are single consisting of 257 respondents or 64.3% of total respondents, 32% or 128 respondents are married, and 15 respondents are divorced.
Table 5.4: Education level of respondents

<table>
<thead>
<tr>
<th>Education level of respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid High school</td>
<td>14</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Diploma degree</td>
<td>4</td>
<td>1.0</td>
<td>1.0</td>
<td>4.5</td>
</tr>
<tr>
<td>Bachelor degree</td>
<td>288</td>
<td>72.0</td>
<td>72.0</td>
<td>76.5</td>
</tr>
<tr>
<td>Master degree</td>
<td>94</td>
<td>23.5</td>
<td>23.5</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.4, shows that most of the respondent's highest education level is Bachelors degree or equivalent consisting of 288 respondents and representing 72%. Master's degree consists of 94 respondents representing 23.5%, 14 respondents indicated their education level of High School which represented 3.5% and 4 respondents or 1% have Diplomas. Hence, the highest percentage of the respondents have Bachelors degree whereas, the lowest percentage of the respondents have Diplomas.

Table 5.5: Income level of respondents

<table>
<thead>
<tr>
<th>Income level of respondents</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid &quot;less than or equal to 10000 baht&quot;</td>
<td>66</td>
<td>16.5</td>
<td>16.5</td>
<td>16.5</td>
</tr>
<tr>
<td>10001-20000 baht</td>
<td>94</td>
<td>23.5</td>
<td>23.5</td>
<td>40.0</td>
</tr>
<tr>
<td>20001-30000 baht</td>
<td>78</td>
<td>19.5</td>
<td>19.5</td>
<td>59.5</td>
</tr>
<tr>
<td>30001-40000 baht</td>
<td>103</td>
<td>25.8</td>
<td>25.8</td>
<td>85.3</td>
</tr>
<tr>
<td>40001-50000 baht</td>
<td>40</td>
<td>10.0</td>
<td>10.0</td>
<td>95.3</td>
</tr>
<tr>
<td>more than 50000 baht</td>
<td>19</td>
<td>4.8</td>
<td>4.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Table 5.4 indicates that the highest number of respondents have an average monthly income of 30,001 to 40,000 Baht, this income group consists of 103 respondents representing 25.8% of the total and 94 respondents have an average monthly income of 10,001 to 20,000 Baht representing 23.5%. The number of respondents having an average monthly income in the range 20,001 to 30,000 baht are 78 representing 19.5%, 66 respondents have an average monthly income less than or equal to 10,000 Baht, 40
respondents have an average monthly income of 40,001 to 50,000 Baht representing 10% of the total respondents and 19 respondents have an average monthly income of more than 50,000 Baht, representing 4.8%.

**Table 5.6: The number of years of Honda car usage**

<table>
<thead>
<tr>
<th>The number of year of Honda car usage</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid less than 1 year</td>
<td>32</td>
<td>8.0</td>
<td>8.0</td>
</tr>
<tr>
<td>1-2 years</td>
<td>117</td>
<td>29.3</td>
<td>29.3</td>
</tr>
<tr>
<td>2-4 years</td>
<td>146</td>
<td>36.5</td>
<td>36.5</td>
</tr>
<tr>
<td>more than 4 years</td>
<td>105</td>
<td>26.3</td>
<td>26.3</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The above Table 5.6 shows that, most of the respondents are using Honda cars from 2 to 4 years which consists of 146 respondents representing 36.5% and the number of respondents using the Honda car from 1 to 2 years are 117 or 29.3% of the total respondents. Also, the above table shows that, 105 or 26.3% of the respondents are using the Honda car for more than 4 years. Only 32 respondents or 8% are using the Honda car for less than 1 year.

**Table 5.7: Model of the cars used**

<table>
<thead>
<tr>
<th>Model of the car</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid City</td>
<td>85</td>
<td>21.3</td>
<td>21.3</td>
<td>21.3</td>
</tr>
<tr>
<td>Civic</td>
<td>79</td>
<td>19.8</td>
<td>19.8</td>
<td>41.0</td>
</tr>
<tr>
<td>Jazz</td>
<td>64</td>
<td>16.0</td>
<td>16.0</td>
<td>57.0</td>
</tr>
<tr>
<td>CR-V</td>
<td>91</td>
<td>22.8</td>
<td>22.8</td>
<td>79.8</td>
</tr>
<tr>
<td>Odyssey</td>
<td>2</td>
<td>.5</td>
<td>.5</td>
<td>80.3</td>
</tr>
<tr>
<td>Stream</td>
<td>6</td>
<td>1.5</td>
<td>1.5</td>
<td>81.8</td>
</tr>
<tr>
<td>Accord</td>
<td>73</td>
<td>18.3</td>
<td>18.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>400</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The Table 5.7 indicates the model of the Honda cars used by the respondents. Among the 400 respondents, the largest group of the respondents, that is 91 respondents, use the Honda CR-V model. The number of respondents using the
Honda city is 85 or 21.3%, followed by 79 or 19.8% of the respondents using Civic, 73 or 18.3% respondents using Accord, 64 or 16% of the respondents using Jazz, 6 of the respondents use Stream and 2 respondents use Odyssey, representing 1.5% and 0.5%, respectively.

5.2: Descriptive analysis of Independent and Dependent Variables

In this research, all the variables were measured using the Likert scale. The respondents were asked to rate each variable using the Likert scale ranging from strongly agree to strongly disagree.

5 = Strongly Agree
4 = Agree
3 = Neutral
2 = Disagree
1 = Strongly Disagree

<table>
<thead>
<tr>
<th>Table 5.8: Mean score rating, minimum, maximum, and standard deviation of Perceived product quality</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Descriptive Statistics</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Honda spare and replacement parts are of high quality</td>
</tr>
<tr>
<td>Honda service center has technologically advanced equipment</td>
</tr>
<tr>
<td>The spare and replacement parts are durable</td>
</tr>
<tr>
<td>Honda accessories are of high quality</td>
</tr>
<tr>
<td>The exterior and interior are thoroughly cleaned after the service</td>
</tr>
</tbody>
</table>

Table 5.8 shows that "The exterior and interior are thoroughly cleaned after the service" is rated the highest with a mean score of 3.91, followed by "Honda
service center has technologically advanced equipment” at a mean score of 3.73, “Honda spare and replacement parts are of high quality” at 3.65, “The spare and replacement parts are durable”, has a mean score of 3.49 and “Honda accessories are of high quality”, is rated the lowest, with a mean score of 3.43.

Table 5.9: Mean score rating, minimum, maximum, and standard deviation of Perceived Service quality

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I can trust the Honda service staff</td>
<td>400</td>
<td>2</td>
<td>5</td>
<td>3.68</td>
<td>.919</td>
</tr>
<tr>
<td>The service technicians are prompt in handling repair work</td>
<td>400</td>
<td>2</td>
<td>5</td>
<td>3.69</td>
<td>.711</td>
</tr>
<tr>
<td>The office staff are never too busy to respond to a request or assistance</td>
<td>400</td>
<td>2</td>
<td>5</td>
<td>3.78</td>
<td>.827</td>
</tr>
<tr>
<td>The attitude of the staff is positive and polite</td>
<td>400</td>
<td>2</td>
<td>5</td>
<td>3.80</td>
<td>.777</td>
</tr>
<tr>
<td>The service center has clean waiting area</td>
<td>400</td>
<td>2</td>
<td>5</td>
<td>4.07</td>
<td>.723</td>
</tr>
<tr>
<td>The physical facilities are visually appealing</td>
<td>400</td>
<td>2</td>
<td>5</td>
<td>4.13</td>
<td>.756</td>
</tr>
<tr>
<td>The service technicians have professional skills and technical knowledge</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.56</td>
<td>.865</td>
</tr>
<tr>
<td>The service centers maintain the customer records accurately</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.72</td>
<td>.931</td>
</tr>
<tr>
<td>The service technicians can solve the problem in first attempt</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.43</td>
<td>.885</td>
</tr>
<tr>
<td>The technicians are keen to understand the customer’s problem</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.44</td>
<td>.905</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>400</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.9 illustrates that the mean score of “The physical facilities are visually appealing” at 4.13 is rated the highest, followed by “The service center has clean surroundings” at a mean score at 4.07. This implies that most people agree to the tangible part of the service center. “The technicians are keen to understand the customer’s problem” and “The service technicians can solve the problem in first attempt”, were rated the lowest at a mean score of 3.44 and 3.43 respectively.
Table 5.10: Mean score rating, minimum, maximum, and standard deviation of Perceived Price Fairness

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>In my opinion, the price of spare/replacement parts is Fair</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.13</td>
<td>.926</td>
</tr>
<tr>
<td>In my opinion, the price of oil change is fair</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.25</td>
<td>.871</td>
</tr>
<tr>
<td>In my opinion, the price of labour charge for servicing the Honda car is Fair</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.23</td>
<td>.830</td>
</tr>
<tr>
<td>There is no difference between the fare specified in the price list and actual price</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.20</td>
<td>.853</td>
</tr>
<tr>
<td>The price estimated before the service is almost same as the actual charged price after service</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.42</td>
<td>1.015</td>
</tr>
</tbody>
</table>

From Table 5.10, "The price estimated before the service is almost same as the actual charged price after service", has the highest mean score of 3.42 followed by, "Price of the oil change is fair" at 3.25, and "The price of spare and replacement parts is Fair" are rated the lowest at a mean score of 3.20 and 3.13 respectively. This implies that most of the people do not agree with the fairness of the price charged by Honda automobile service center.
Table 5.11: Mean score rating, minimum, maximum, and standard deviation of Customer Satisfaction

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am satisfied with the quality of spare and replacement parts</td>
<td>400</td>
<td>2</td>
<td>5</td>
<td>3.67</td>
<td>.653</td>
</tr>
<tr>
<td>I am satisfied with the options available for payment</td>
<td>400</td>
<td>2</td>
<td>5</td>
<td>3.63</td>
<td>.738</td>
</tr>
<tr>
<td>I am satisfied with the convenient hours of service</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.22</td>
<td>.857</td>
</tr>
<tr>
<td>I am satisfied with the ease of access to the service centres</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.70</td>
<td>.881</td>
</tr>
<tr>
<td>I am satisfied with the quality of work performed</td>
<td>400</td>
<td>2</td>
<td>5</td>
<td>3.62</td>
<td>.735</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>400</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.11 illustrates mean score of “Ease of access to the service center” and “I am satisfied with the spare and replacement parts” rated highest at a mean score of 3.70 and 3.67 respectively and the lowest mean score of 3.22 was rated for “I am satisfied with the convenient hours of service”.


Table 5.12: Mean score rating, minimum, maximum, and standard deviation of Customer loyalty

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will repair my car in</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.91</td>
<td>1.130</td>
</tr>
<tr>
<td>Honda service centre only</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would refer honda</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.57</td>
<td>.976</td>
</tr>
<tr>
<td>service to other Honda</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>car users</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will not use the</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.43</td>
<td>1.193</td>
</tr>
<tr>
<td>services of other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>service centers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would find it difficult</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.35</td>
<td>1.009</td>
</tr>
<tr>
<td>to stop using Honda</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over a period of time</td>
<td>400</td>
<td>1</td>
<td>5</td>
<td>3.59</td>
<td>.932</td>
</tr>
<tr>
<td>my loyalty towards Honda</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>service center has grown</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>stronger</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>400</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.12 indicates that “I will repair my car in Honda service center only” has the highest mean score of 3.91, “My loyalty towards Honda service is grown stronger” has the mean score of 3.59 and “I would find it difficult to stop using Honda service” is rated the lowest with the mean score of 3.35.

Table 5.13: Overall mean scores of the independent and dependent variables.

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEANPQ_INDEP</td>
<td>400</td>
<td>3.6415</td>
<td>.48865</td>
</tr>
<tr>
<td>MEANSQ_INDEP</td>
<td>400</td>
<td>3.7295</td>
<td>.61728</td>
</tr>
<tr>
<td>MEANPF_INDEP</td>
<td>400</td>
<td>3.2460</td>
<td>.71060</td>
</tr>
<tr>
<td>MEANCS_DEP</td>
<td>400</td>
<td>3.5705</td>
<td>.57450</td>
</tr>
<tr>
<td>MEANCL_DEP</td>
<td>400</td>
<td>3.5675</td>
<td>.83438</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>400</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5.13 illustrates the overall means scores of the independent and dependent variables with perceived service quality having the highest score of 3.7295 and perceived price fairness with lowest score of 3.24; This result indicates that the sample population are not sure about the fairness of the price charged by Honda service center.
5.3. Summary of Hypotheses testing

There are a total of seven hypotheses tested in this study. Pearson product moment correlation coefficient is used to test the relationship of perceived product quality, Perceived service quality, perceived price fairness with customer satisfaction and customer loyalty.

**Hypothesis 1:**

H<sub>01</sub>: There is no relationship between perceived product quality and customer satisfaction

H<sub>11</sub>: There is a relationship between perceived product quality and customer satisfaction

<table>
<thead>
<tr>
<th>Table 5.14: Correlation for perceived product quality and customer satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlations</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>N</td>
</tr>
<tr>
<td>COMCS Pearson Correlation</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>N</td>
</tr>
</tbody>
</table>

**"**. Correlation is significant at the 0.01 level

In the first hypothesis test, the null hypothesis H<sub>01</sub> stated that there is no relationship between perceived product quality and customer satisfaction. The Pearson correlation coefficient analysis in Table 5.13 shows that there is a correlation between perceived product quality and customer satisfaction with a two tailed significance of 0.000, which is less than 0.05 (0.000 < 0.05). Accordingly, the null hypothesis is rejected, which means that there is a relationship between perceived product quality and customer satisfaction at the 0.05 level. The correlation coefficient .422 means perceived product quality has a moderate positive relationship with customer satisfaction.
Hypothesis 2:

\( H_{02} \): There is no relationship between perceived product quality and customer satisfaction

\( H_{a2} \): There is a relationship between perceived product quality and customer satisfaction

**Table 5.15: Correlation for perceived service quality and customer satisfaction**

<table>
<thead>
<tr>
<th></th>
<th>COMSQ</th>
<th>COMCS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pearson Correlation</strong></td>
<td>1</td>
<td>0.548**</td>
</tr>
<tr>
<td><strong>Sig. (2-tailed)</strong></td>
<td></td>
<td>0.000</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>400</td>
<td>400</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level**

In the second hypothesis test, the null hypothesis \( H_{02} \) stated that there is no relationship between perceived service quality and customer satisfaction. The Pearson correlation coefficient analysis in Table 5.14 shows that there is a correlation between Perceived service quality and Customer satisfaction with a two tailed significance of 0.000, which is less than 0.05 (0.000 < 0.05). Accordingly, the null hypothesis is rejected, which means that there is a relationship between perceived service quality and Customer satisfaction at the 0.05 level. The correlation coefficient 0.548 means perceived service quality has moderate positive relationship with customer satisfaction.
Hypothesis 3:

$H_{03}$: There is no relationship between perceived price fairness and customer satisfaction

$H_{a3}$: There is a relationship between perceived price fairness and customer satisfaction

**Table 5.16: Correlation for perceived price fairness and customer satisfaction**

<table>
<thead>
<tr>
<th>CompF</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPF</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>0.582**</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.000</td>
<td>400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CompS</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMCS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.582**</td>
<td>1</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>0.000</td>
<td></td>
<td>400</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level

In the third hypothesis test, the null hypothesis $H_{03}$ stated that there is no relationship between perceived price fairness and customer satisfaction. The Pearson correlation coefficient analysis in Table 5.15 shows that there is a correlation between Perceived price fairness and Customer satisfaction with a two-tailed significance of 0.000, which is less than 0.05 (0.000 < 0.05). Accordingly, the null hypothesis is rejected, which means that there is a relationship between perceived price fairness and customer satisfaction at the 0.05 level. The correlation coefficient .582 means perceived price fairness has moderate positive relationship with customer satisfaction.
Hypothesis 4:

H₀₄: There is no relationship between Perceived product quality and Customer loyalty
Hₐ₄: There is a relationship between Perceived product quality and Customer loyalty

Table 5.17: Correlation for Perceived product quality and Customer loyalty

<table>
<thead>
<tr>
<th></th>
<th>COMPQ</th>
<th>COMCL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.486**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>COMPCL</td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.486**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td>400</td>
<td>400</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level.

In the fourth hypothesis test, the null hypothesis H₀₄ stated that there is no relationship between Perceived product quality and Customer loyalty. The Pearson correlation coefficient analysis in Table 5.16 shows that there is a correlation between Perceived product quality and Customer loyalty with a two-tailed significance of 0.000, which is less than 0.05 (0.000 < 0.05). Accordingly, the null hypothesis is rejected, which means that there is a relationship between Perceived product quality and Customer loyalty at the 0.05 level. The correlation coefficient .486 means Perceived product quality has moderate positive relationship with customer loyalty.

Hypothesis 5:

H₀₅: There is no relationship between Perceived service quality and Customer loyalty
Hₐ₅: There is a relationship between Perceived service quality and Customer loyalty
Table 5.18: Correlation for Perceived service quality and Customer loyalty

<table>
<thead>
<tr>
<th></th>
<th>COMSQ</th>
<th>COMCL</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMSQ Pearson Correlation</td>
<td>1</td>
<td>.336**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>COMCL Pearson Correlation</td>
<td>.336**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td>400</td>
<td>400</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level

In the fifth hypothesis test, the null hypothesis \( H_0 \) stated that there is no relationship between Perceived service quality and Customer loyalty. The Pearson correlation coefficient analysis in Table 5.17 shows that there is a correlation between Perceived product quality and Customer loyalty with a two tailed significance of 0.000, which is less than 0.05 (0.000 < 0.05). Accordingly, the null hypothesis is rejected, which means that there is a relationship between Perceived service quality and Customer loyalty at the 0.05 level. The correlation coefficient .336 means Perceived service quality has low positive relationship with customer loyalty.

**Hypothesis 6:**

\( H_{6a} \): There is no relationship between Perceived price fairness and Customer loyalty

\( H_{6b} \): There is a relationship between Perceived price fairness and Customer loyalty

Table 5.19: Correlation for Perceived price fairness and Customer loyalty

<table>
<thead>
<tr>
<th></th>
<th>COMPF</th>
<th>COMCL</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPF Pearson Correlation</td>
<td>1</td>
<td>.518**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>400</td>
<td>400</td>
</tr>
<tr>
<td>COMCL Pearson Correlation</td>
<td>.518**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td>400</td>
<td>400</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level
In the sixth hypothesis test, the null hypothesis $H_{06}$ stated that there is no relationship between Perceived price fairness and Customer loyalty. The Pearson correlation coefficient analysis in Table 5.18 shows that there is a correlation between Perceived price fairness and Customer loyalty with a two tailed significance of 0.000, which is less than 0.05 ($0.000 < 0.05$). Accordingly, the null hypothesis is rejected, which means that there is a relationship between Perceived price fairness and Customer loyalty at the 0.05 level. The correlation coefficient 0.518 means Perceived service quality has moderate positive relationship with customer loyalty.

**Hypothesis 7:**

$H_{07}$: There is no relationship between Customer satisfaction and Customer loyalty  
$H_{a7}$: There is a relationship between Customer satisfaction and Customer loyalty

**Table 5.20: Correlation for Customer satisfaction and Customer loyalty**

<table>
<thead>
<tr>
<th>Correlations</th>
<th>COMCS</th>
<th>COMCL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>0.500**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>400</td>
<td>400</td>
</tr>
</tbody>
</table>

In the seventh hypothesis test, the null hypothesis $H_{07}$ stated that there is no relationship between Customer satisfaction and Customer loyalty. The Pearson correlation coefficient analysis in Table 5.19 shows that there is a correlation between Customer satisfaction and Customer loyalty with a two tailed significance of 0.000, which is less than 0.05 ($0.000 < 0.05$). Accordingly, the null hypothesis is rejected, which means that there is a relationship between Customer satisfaction and Customer loyalty at the 0.05 level. The correlation coefficient 0.500 means Customer satisfaction has moderate positive relationship with Customer loyalty.
CHAPTER VI

SUMMARY OF FINDINGS, CONCLUSIONS, & RECOMMENDATIONS

The chapter is divided into three sections. The first section contains the summary of findings of this research, which includes demographic characteristics and summary of hypotheses tests. The second section presents the conclusions, implications drawn and recommendations. The final section offers suggestions for future research.

6.1 Summary of Findings

Summary of Demographic Factors

For this research, 400 questionnaires were distributed to owners of Honda cars who have used the service of Honda service centers. Out of the 400 respondents, 42.25% were males and 57.75% respondents were female. The largest group of respondents or 49.8%, fall into the age group of 21-30 followed by 31-40 representing 29.3%, below 20 years representing 10.8%, 41-50 years representing 8% and finally more than 50 years representing 2.3%. Of the total sample, 64.3% were singles, 32% married and 3.8% divorced. Most of the sample, that is 72%, were holding a Bachelors degree and 23.5% were holding a Master degree. Most of the respondents have an average monthly income ranging from 30,000 to 40,000 THB representing 25.8%.

Most of the respondents, 36.5% have been using their Honda cars for a period of 2-4 years. Also we can see that, the new car users are very less (8%), this is in line with a fall in Honda car sales in the year 2005 by 37.3%. The descriptive statistics for the model of the car used show that there is almost a balanced mix of Honda cars in the total sample. Of the total sample, 22.8% use CR-V, followed by City represented by 21.3%, Civic represented by 19.8% and the new model Jazz by 16%.
Summary of Hypotheses:

The objective of this research was to examine the relationship between consumer’s perception of product quality, service quality and price fairness on customer satisfaction and customer loyalty. The table below (Table 6.1) given below illustrates the summary of the hypotheses testing:

Table 6.1: Summary of relationship between Independent and Dependent variable

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Statistical test</th>
<th>Significant (Two-tailed) Value</th>
<th>Correlation Coefficient r</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1</td>
<td>Pearson Product Moment Correlation Coefficient</td>
<td>.000</td>
<td>0.422</td>
<td>Reject H_{01}</td>
</tr>
<tr>
<td>Hypothesis 2</td>
<td>Pearson Product Moment Correlation Coefficient</td>
<td>.000</td>
<td>0.548</td>
<td>Reject H_{02}</td>
</tr>
<tr>
<td>Hypothesis 3</td>
<td>Pearson Product Moment Correlation Coefficient</td>
<td>.000</td>
<td>0.582</td>
<td>Reject H_{03}</td>
</tr>
<tr>
<td>Hypothesis 4</td>
<td>Pearson Product Moment Correlation Coefficient</td>
<td>.000</td>
<td>0.486</td>
<td>Reject H_{04}</td>
</tr>
<tr>
<td>Hypothesis 5</td>
<td>Pearson Product Moment Correlation Coefficient</td>
<td>.000</td>
<td>0.336</td>
<td>Reject H_{05}</td>
</tr>
<tr>
<td>Hypothesis 6</td>
<td>Pearson Product Moment Correlation Coefficient</td>
<td>.000</td>
<td>0.518</td>
<td>Reject H_{06}</td>
</tr>
<tr>
<td>Hypothesis 7</td>
<td>Pearson Product Moment Correlation Coefficient</td>
<td>.000</td>
<td>0.500</td>
<td>Reject H_{07}</td>
</tr>
</tbody>
</table>
6.2 Conclusions and Implications

According to the results of hypotheses tests, all seven null hypotheses were rejected, and the alternative hypotheses accepted. All the three independent variables have moderate positive relationships with the dependent variables, which are customer satisfaction and customer loyalty.

The first hypothesis result shows that there is a positive relationship between perceived product quality and customer satisfaction. Among the possible rewards received by customers when determining their satisfaction levels are their perceptions about the quality received. Therefore, it represents those characteristics of the product that fulfill the customer's requirements and that best satisfy their desires. Subsequently, this perception of the quality of a product should positively affect the customer's level of satisfaction, given that the greater the reward received, the better a customer's overall evaluation should be about the purchase and consumption experience as confirmed by Zeithaml (1988). As expected the results provide concrete empirical evidence that perceived product quality is positively related to customer satisfaction. This result is also confirmed by Bei (2001) in a study of automobile service centers in Taiwan. According to the study by Somnautham (2003) on purchase decision for cars in the Thai market, he suggested that Thai consumers give a high value for the product quality of used cars and its spares as maintenance is a very important factor.

The second hypothesis result shows that there is a positive relationship between perceived service quality and customer satisfaction. This result is also supported by a previous study which suggested that good service quality leads to satisfaction and also consumer satisfaction increases the evaluation of service quality (Bitner, 1990; Bolton and Drew 1991, Teas 1993). Prominent researchers in this field confirmed that high service quality resulted in high customer satisfaction (Parasuraman, Zeithaml and Berry 1985, 1988). Service is considered intangible; hence consumer can only form their attitudes toward service quality through perception. Good perceived quality is obtained when the experienced quality meets the expectations of the customer, i.e., the expected quality. If the expectations are unrealistic, the total perceived quality will be low, even if the experienced quality measure in some objective way is good.
The third hypothesis result shows that there is a positive relationship between perceived price fairness and customer satisfaction. Price is the necessary sacrifice that a consumer gives in exchange for the product and service. Anderson, Fornell and Lehman (1994) also emphasized price as an important factor of consumer satisfaction because, whenever consumer evaluate the value of an acquired service, they usually think of the price. Prices that compare favorably with the reference point are deemed fair; prices that compare unfavorably are deemed unfair. Prior research provides evidence that perceptions of fairness in turn will influence customer satisfaction (Oliver and Swan 1989) and behavioral intentions (Campbell 1999), which clearly supports the findings of this research.

The fourth hypothesis test shows that there is a positive relationship between perceived product quality and customer loyalty. This reflects the traditional view of loyalty as resulting from high quality and/or product superiority, which are believed to generate a strong sense of brand-directed preference (Oliver, 1999). The importance of perception of product quality is reflected in the fact that it increases the probability of the product being purchased, if the perception was already rated high, it defends the product from the threat of the competition, and it creates consumer loyalty (Vranesevic and Stancec, 2003). As implied by Dabholkar (2000) both cognitive evaluation of quality performance and more global evaluation of customer satisfaction may be integrated into repurchase behavior and loyalty. These results support the idea that people form their attitudes about the performance of products, by learning about the different characteristics of the objects and integrating these values into a more global affective evaluation. This affective evaluation (satisfaction) is used as a predisposition to compare alternatives and guide final choice and loyalty.

The fifth hypothesis result shows that there is a positive relationship between perceived service quality and customer loyalty. In the service context, perceived service quality has often been examined as an antecedent of repurchase intention (Bitner, 1990; Bolton & Drew, 1991; Cronin & Taylor, 1992). However, Perceived performance of service quality on attribute level is believed to impact the loyalty judgment (Andreassen and Lindestad, 1998) From the above discussion and the
empirical test results it becomes clear that perceived service quality contributes positively toward explaining customer loyalty.

The sixth hypothesis test results show that there is a positive relationship between perceived price fairness and customer loyalty. This result is supported by Sirdeshmukh, Singh and Sabol (2002), who stated that customers who believe that they have a close relationship with a seller, when the price is as expected or lower, may perceive it as a benefit of the relationship. However when loyal buyers pay a price that is higher than their comparative standard, they may judge the seller as having betrayed their good relationship, leading to a more unfair price perception. In other words, when the price is perceived to be fair, the customer tends to be more loyal towards the service provider. Zeithaml (1988) added that price fairness in relation to customer loyalty was subject to factors of price, situation and personal factors.

The seventh hypothesis result shows that there is a positive relationship between customer satisfaction and customer loyalty. This result implies that customer loyalty expresses an intended behavior related to the service or the company. Companies tend to consider customer satisfaction the only viable strategy in order to keep the existing customers, as customers may be loyal because they are satisfied and thus want to continue the relationship. Service management literature proposes that customer satisfaction influences customer loyalty (Anderson and Fornell, 1994). These findings are also supported by Anderson and Sullivan, (1993) who found a positive correlation between customer satisfaction and loyalty.

It is a suggestion to managers in service industries that price fairness and product quality can be viewed as threshold factors, while service quality is regarded similar to a motivator leading to consumer loyalty. No matter how hard a manager attempts to improve the service quality, product quality and price are the essential concerns to consumers. However, if consumers are only satisfied with the product and price provided by a firm, they may only repeat purchase habitually, but without true loyalty, as found in Lee (1998).
6.3 Recommendations and Managerial Implications

The main objectives of this study was to explore the relationship of perceived service quality, perceived product quality, perceived price fairness on consumer satisfaction and loyalty. The research results confirm the interrelationship presented in the conceptual framework. From a managerial standpoint, managers should not emphasize only service quality in a total consumer satisfaction and loyalty program. Both product quality and price fairness are fundamental and also very important to build up consumer satisfaction and loyalty. None of them can be ignored or partially accented.

The mean score rating leads to an inference that, customers have given the highest rating to cleaning of the exterior and interior parts of the car. It also seems that customers are quite content with technological equipments used to repair their cars. But they gave a low rating to the quality of the spare and accessories, and also are not sure about the durability of these products. This, coupled with still low ratings of price fairness of spare and replacement parts (mean score: 3.13), creates a perception of unfairness on the overall service. Honda Service centers should try to make its spare and replacement parts of much higher quality that are relatively more durable. This would justify the higher price charged by the service centers.

There is a need for Honda Service to improve its image in the minds of its customers. Honda Service centers should try to correct the problems of the customer in the first attempt itself as reoccurrences of the problem would create distrust of Honda service centers' professional capabilities. This would further lead to the formation of a sense of price unfairness and would motivate the customer to try other service centers. Though with the technical nature of cars nowadays it is difficult to fix 100% of the problems 100% of the time, notwithstanding that good service technicians are hard to find. The diagnosis and repair of vehicles is an imperfect science. Thus, it is important that the customer must communicate to the service adviser fully what the symptoms are so that a correct diagnosis can be made. This is possible if the service adviser asks the right questions to the customer. The service adviser must get the whole story before the technician can diagnose the problem and repair. This would also generate a feeling among the customers that the service center is genuinely interested in them.
It is a notion that Honda service center charges are relatively higher than other automobile companies. This is supported in the results, as many people gave a low rating for price fairness. From this we can imply that, if Honda can reduce the price that it charges for its products and services, it would create a positive attitude towards Honda Service centers with more customers willing to take their cars into a Honda center rather than alternative service centers. It is incumbent on the service advisers to prove the worth of money spent by giving professional high quality work and by giving confident reassurances. In case of queries by the customer, the service center should be able to justify the cost. Honda’s previous attempts to reduce the prices of some of the products has been well accepted, though, majority of the spare parts are sold under “genuine parts” which still tends to be relatively expensive.

Honda should try to have experienced technicians, as they would be able to solve the common quirks with less labour time because of their accumulated learning.

Honda service center has to be committed to its orders. If the service center fails to deliver the car on time, the customer has to take more time off work to pick up the car. There’s also the inconvenience of not having their vehicle as per their plan. The best solution is to "under-promise and over-deliver." But there is every possibility for a delay to happen. It could be due to customers bringing their car in for a stated job, but a good technician notices that other work needs to be done on the vehicle. The time allotted to do the repair now would take more time due to other repairs. After all, it is better to do the job right then and there while the car is in the service center, rather than booking it in at a later date. Also, it is very essential that the service advisor keep the customer posted with all details regarding the status of the vehicle.

Honda service centers should make arrangement for the customers so that they can ride to work or back home after dropping the car for service. Though, the customer would not expect this service from the service center, doing this would result in customer delight. When a customer goes back to pick up his car, the first thing he notices is that, the car is cleaned and washed. The service center should see to it that the car visually looks very clean and neat. This is only a trivial thing, but it speaks volumes about the care a center has for the customer and their patronage.
Honda service center has to be committed to learn the ever-changing needs of the customer. Honda should conduct frequent surveys, to be in tune with customer’s requirements, evaluations and expectations from the service center.

A good strategy for a marketing manager in service industries is to ensure the basic quality of tangible products sold at a fair price, and then emphasize service quality to provide added values in order to maintain customers.

6.4 Suggestions for Further Research

As this research has focused on people in Bangkok only, further research can be done taking other large cities of Thailand as target samples, as this would give a nationwide perspective of customer satisfaction and loyalty resulting from the customers perception toward Honda service centers.

Further research can be done by incorporating perceived value into this integrated model. As suggested by Zeithaml (1988) perceived value is the outcome of perceived quality of product and service and thus leading to purchase of the service.

As, many Thai car owners own more than one brand of car, and use the services of more than one service center, a study can be done on a comparative basis especially for cars that are in the same segment.

As suggested by Bitner (1990) satisfied customers tend to evaluate the service quality in a more favorable manner, hence further research can be done to investigate the feedback effect of satisfaction and loyalty on consumer perceptions.

Further research can be done on selected industries using this integrated model, wherein there is almost a balanced mix of product/tangible and intangible attributes as in the case of restaurants and gas stations.
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(July 06, 2005)
1452.html (September 3, 2005)
APPENDIX A
Questionnaire

Dear Sir/Madam

I am an MBA student of Assumption University (ABAC), Bangkok. This questionnaire is designed to study the consumer’s perception of product quality, service quality and price fairness on customer satisfaction and customer loyalty towards Honda service users in Bangkok area. Kindly, take a few minutes to answer all the questions. All information will be kept confidential.

Your cooperation in filling in the questionnaire is highly appreciated.

Thank You.

Winson JK

Screening Question:
• Are you a user of HONDA SERVICE CENTERS in Bangkok?
  OYes  ONo

Please indicate the model of Honda car that you drive at present.

□ City  □ Civic  □ Jazz  □ CR-V  □ Odyssey  □ Stream  □ Accord

□ S2000

Part I : Independent Variable
Perceived Product Quality
Please tick “✓” in the appropriate block, provided which best represents your level of agreement with each statement in relation to product quality.

1: Strongly Disagree ☒  3: Neutral  5: Strongly Agree ☐
2: Disagree
4: Agree

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Honda spares and replacement parts are of high quality.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Honda service center has technologically advanced equipment.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The spare and replacement parts are durable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Honda accessories are of high quality.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The exterior &amp; interior was thoroughly cleaned after the service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Perceived Service Quality**

Please tick "✓" in the appropriate block, provided which best represents your level of agreement with each statement in relation to Service Quality.

1: Strongly Disagree ☒  |  3: Neutral  |  5: Strongly Agree ☒  
2: Disagree  |  |  

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I can fully trust the Honda Service staff (Office/Staff)</td>
<td>☒</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The service technicians are prompt in handling repair work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The office staffs are never too busy to respond to a request for assistance.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The attitude of the staff is positive and polite</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The service center has a clean waiting area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>The physical facilities are visually appealing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>The service technicians have professional skills and technical knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>The service centers maintain the customer records accurately</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>The service technicians can solve the problem in first attempt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>The technicians are keen to understand the customer's problem</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Perceived Price Fairness**

Please tick "✓" in the appropriate block, provided which best represents your level of reasonability of the fare charged, with each statement in relation to Price Fairness.

1: Strongly Disagree ☒  |  3: Neutral  |  5: Strongly Agree ☒  
2: Disagree  |  |  

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>In my opinion, the price of the spare/replacement parts is Fair</td>
<td>☒</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>In my opinion, the price of the 'Oil Change' is Fair</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>In my opinion, the price of the Labour charge for servicing the Honda car is Fair</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>There is no difference between the fare specified in the price list and actual price.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The price estimated before the service is almost same as the actual charged after the service.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Part II: Dependent Variable

Customer Satisfaction

Please tick “✓” in the appropriate block, provided which best represents your level of reasonability of the fare charged, with each statement in relation to Price Fairness.

1: Strongly Disagree ☒  3: Neutral  5: Strongly Agree ☑
2: Disagree  4: Agree

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>☒</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
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</tbody>
</table>

I am satisfied with the quality of spare and replacement parts.

I am satisfied with the options available for payment.

I am satisfied with the convenient hours for service.

I am satisfied with the ease of access to the service centers.

I am satisfied with the quality of work performed.

Customer Loyalty

Please tick “✓” in the appropriate block, provided which best represents your level of agreement with each statement in relation to customer loyalty.

1: Strongly Disagree ☒  3: Neutral  5: Strongly Agree ☑
2: Disagree  4: Agree

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</table>

I will repair my car at Honda Service center only

I would refer Honda service to other Honda car users.

I will not use the services of other service centers

I would find it difficult to stop using Honda service

Over a period of time my loyalty towards Honda service center has grown stronger.
Part III: Demographic Profile.

1. **Gender**
   - □ Male
   - □ Female

2. **Age**
   - □ Below 20 years
   - □ 21-30 years
   - □ 31-40 years
   - □ 41-50 years
   - □ More than 50 years

3. **Marital Status**
   - □ Single
   - □ Married
   - □ Divorced
   - □ Widowed

4. **Education Level**
   - □ Lower than high school
   - □ High School
   - □ Diploma Degree
   - □ Bachelor degree
   - □ Master Degree
   - □ Doctoral Degree

5. **Income Level /month**
   - □ Less than or equal to 10,000 Baht
   - □ 10,001 to 20,000 baht
   - □ 20,001 to 30,000 baht
   - □ 30,001 to 40,000 baht
   - □ 40,001 to 50,000 baht
   - □ More than 50,000 baht

6. **How Long you have been driving this Honda Car?**
   - □ Less than 1 year
   - □ 1-2 years
   - □ 2-4 years
   - □ More than 4 years

Thank You.... 😊
แบบสอบถาม

เรื่อง  ผู้ตอบแบบสอบถาม

กรมศึกษาธุรการระดับพิเศษจุฬาลงกรณ์มหาวิทยาลัยสัมพันธ์ (ABAC) แบบสอบถามฉบับนี้จัดทำขึ้น เพื่อศึกษาพฤติกรรมของผู้บริโภคที่ได้รับบริการจาก Honda ในเขตกรุงเทพฯ ที่มีต่อ คุณภาพของสินค้าและบริการ ความสมเหตุสมผลในการหา และมีความต้องการที่จะซื้อซ่อมซ่อมรถยนต์ Honda

กรมศึกษาธุรการระดับพื้นฐานในการตอบแบบสอบถามฉบับนี้เพื่อเป็นข้อมูลในการทำวิจัยฉบับนี้ การตอบข้อมูลบางจุดที่ได้รับจากแบบสอบถามฉบับนี้จะถูกเก็บไว้เป็นความลับ และใช้เพื่อการศึกษาวิจัยในหัวข้อดังกล่าวทั้งนี้การตอบแบบสอบถามที่ผ่านกรุณาตรวจสอบใน การตอบแบบสอบถามฉบับนี้

Winson JK

Screening Question:

- คำถามเป็นคู่มือการซื้อรถมือสองที่ได้รับบริการร้านรถยนต์ Honda ในเขตกรุงเทพฯ ใช่หรือไม่?
  ใช่ ☑
  ไม่ใช่ ☐

- คุณมีส่วนที่จะไปซื้อรถมือสองร้านรถยนต์ Honda ที่ราคาสูง?
  ใน City ☐
  ใน Civic ☐
  ใน jazz ☐
  ใน CR-V ☐
  ใน Odyssey ☐
  ใน Stream ☐
  ใน Accord ☐
  ใน S2000 ☐

Part 1

Perceived Product Quality

Please tick "✓" in the appropriate block, provided which best represents your level of agreement with each statement in relation to product quality.

1: ไม่เห็นด้วยอย่างยิ่ง ☐
3: เบิก ๆ ☐
5: เห็นด้วยอย่างยิ่ง ☐
2: ไม่เห็นด้วย ☐
4: เห็นด้วย ☐

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<td>ถูกกระแสแชร์ และถูกกระแสคัดแผลของ Honda มีคุณภาพดี</td>
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<td>5</td>
<td>ภาพลักษณ์และภาพใหญ่ในมีความสะอาดเรียบร้อย</td>
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</table>
### Perceived Service Quality

Please tick “✓” in the appropriate block, provided which best represents your level of agreement with each statement in relation to Service Quality.

1: ไม่เห็นด้วยอย่างยิ่ง ☹️
2: ไม่เห็นด้วย ☹️
3: เลย ๆ ☹️
4: เห็นด้วย ☹️
5: เห็นด้วยอย่างยิ่ง ☹️

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<td>ท่านสามารถให้ความไว้วางใจกับพนักงานที่ให้บริการในศูนย์รถยนต์ Honda</td>
<td>☹️</td>
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<tr>
<td>2</td>
<td>พนักงานให้บริการมีความพร้อมในการช่วยเหลือ จัดการกับงาน</td>
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<td>พนักงานให้บริการมีความมั่นใจที่จะตอบคำถามลูกค้า</td>
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<td>พนักงานมีทักษะคิดที่ดี และคุณภาพ</td>
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<td>สภาพแวดล้อมของศูนย์บริการมีความสะดวกสบาย</td>
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<td>พนักงานให้บริการมีทักษะและความรู้ ความสามารถที่ดีที่สุด</td>
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<tr>
<td>8</td>
<td>ศูนย์บริการบริการข้อมูลถูกต้องได้ถูกต้อง</td>
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<td>9</td>
<td>พนักงานให้บริการมีความสามารถในการแก้ไขปัญหาในการด้านความพยาบาล บริการ</td>
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<tr>
<td>10</td>
<td>ช่างประจำศูนย์ซ่อมที่มีประสบการณ์ที่ดีได้เป็นอย่างดี</td>
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</table>

### Perceived Price Fairness

Please tick “✓” in the appropriate block, provided which best represents your level of reasonability of the fare charged, with each statement in relation to Price Fairness.

1: Strongly Disagree ☹️
2: Disagree ☹️
3: Neutral ☹️
4: Agree ☹️
5: Strongly Agree ☹️

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<td>ข้าพเจ้าคิดว่าราคาของใหม่รถยนต์มีราคามากเกินสมควร</td>
<td>☹️</td>
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<tr>
<td>2</td>
<td>ข้าพเจ้าคิดว่าราคาเป็นไปตามมูลค่าของมีราคามากเกินสมควร</td>
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<td>3</td>
<td>ข้าพเจ้าคิดว่าราคาพิจารณาบริการมีราคามากเกินสมควร</td>
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<td>ไม่มีความแตกต่างระหว่างการประเมินราคารถใหม่กับรถมือสอง</td>
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<td>การประเมินราคาของรถใหม่ให้บริการเดียวกันจะมีความถูกต้องกว่า</td>
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ให้บริการแล้ว
### Customer Satisfaction

Please tick "✓" in the appropriate block, provided which best represents your level of agreement with each statement in relation to Customer Satisfaction.

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<tr>
<td>1</td>
<td>ข้าพเจ้ารู้สึกพอใจกับคุณภาพของอะไหล่</td>
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<td>4</td>
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<td>ข้าพเจ้ารู้สึกพอใจกับคุณภาพของกล้วยแพร่แข็งแรง</td>
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### Customer Loyalty

Please tick "✓" in the appropriate block, provided which best represents your level of agreement with each statement in relation to customer loyalty.

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<td>ข้าพเจ้าจะซื้อสมาร์ทโฟนที่ศูนย์บริการ Honda มากขึ้น</td>
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<td>ข้าพเจ้าจะแนะนำสินค้าของศูนย์บริการ Honda ให้กับคนอื่น</td>
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<td>ข้าพเจ้ากังวลว่าบริการที่ได้รับจะไม่ดีเช่นกันของศูนย์บริการ Honda</td>
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<td>5</td>
<td>ตลอดเวลาที่ผ่านมา ความสัมพันธ์ดีของศูนย์บริการ Honda มีความสุ่งสั่งที่ดีขึ้น</td>
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Part 3: คำถามที่ 3

แบบสอบถาม

1. เพศ
   a. ชาย
   b. หญิง

2. อายุ
   ☐ น้อยกว่า 20 ปี
   ☐ 21-30 ปี
   ☐ 31-40 ปี
   ☐ 41-50 ปี
   ☐ มากกว่า 50 ปี

5. รายได้/เดือน
   i. น้อยกว่าห้าพันบาท 10,000 บาท
   ☐ 10,001 ถึง 20,000 บาท
   ☐ 20,001 ถึง 30,000 บาท
   ☐ 30,001 ถึง 40,000 บาท
   ☐ 40,001 ถึง 50,000 บาท
   ☐ มากกว่า 50,000 บาท

3. สถานะส่วนบุคคล Marital Status
   ☐ โสด Single
   ☐ แต่งงาน Married
   ☐ หย่า Divorced
   ☐ หย่าหรือผู้ดูแลผู้สูงอายุ Widowed

4. ระดับการศึกษา Education Level
   ☐ ระดับประถมศึกษาต่ำสุด
   ☐ ระดับมัธยมศึกษาต่ำสุด
   ☐ ระดับปริญญาตรี
   ☐ ระดับปริญญาโท
   ☐ ระดับปริญญาเอก
   ☐ ระดับปริญญาโท

6. ระยะเวลาที่คุณขับรถ Honda?
   ☐ น้อยกว่า 1 ปี
   ☐ 1-2 ปี
   ☐ 2-4 ปี
   ☐ มากกว่า 4 ปี

ขอขอบพระคุณที่สละเวลาในการกรอกแบบสอบถามนี้
APPENDIX B
Reliability results of Pre-test (30 Respondents)

Reliability analysis for Perceived Product Quality

***** Method 1 (space saver) will be used for this analysis *****

RELIABILITY ANALYSIS - SCALE (ALPHA)

Reliability Coefficients

N of Cases = 30.0
N of Items = 10

Alpha = .7571

Reliability analysis for Perceived Service Quality

***** Method 1 (space saver) will be used for this analysis *****

RELIABILITY ANALYSIS - SCALE (ALPHA)

Reliability Coefficients

N of Cases = 30.0
N of Items = 10

Alpha = .7853

Reliability analysis for Perceive Price fairness

***** Method 1 (space saver) will be used for this analysis *****

RELIABILITY ANALYSIS - SCALE (ALPHA)

Reliability Coefficients

N of Cases = 30.0
N of Items = 5

Alpha = .9387
Reliability analysis for **Customer Satisfaction**

***** Method 1 (space saver) will be used for this analysis *****

**RELIABILITY ANALYSIS - SCALE (ALPHA)**

Reliability Coefficients

<table>
<thead>
<tr>
<th>N of Cases</th>
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<tbody>
<tr>
<td>N of Items</td>
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<td>Alpha</td>
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</table>

Reliability analysis for **Customer loyalty**

***** Method 1 (space saver) will be used for this analysis *****

**RELIABILITY ANALYSIS - SCALE (ALPHA)**

Reliability Coefficients

<table>
<thead>
<tr>
<th>N of Cases</th>
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<tbody>
<tr>
<td>N of Items</td>
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</table>
Reliability results of 400 Respondents

Reliability analysis for **Perceived Product Quality**

****** Method 1 (space saver) will be used for this analysis ******

**RELIABILITY ANALYSIS - SCALE (ALPHA)**

Reliability Coefficients

N of Cases = 400.0  N of Items = 5
Alpha = .7262

Reliability analysis for **Perceived Service Quality**

****** Method 1 (space saver) will be used for this analysis ******

**RELIABILITY ANALYSIS - SCALE (ALPHA)**

Reliability Coefficients

N of Cases = 400.0  N of Items = 10
Alpha = .9086

Reliability analysis for **Perceive Price fairness**

****** Method 1 (space saver) will be used for this analysis ******

**RELIABILITY ANALYSIS - SCALE (ALPHA)**

Reliability Coefficients

N of Cases = 400.0  N of Items = 5
Alpha = .8477
Reliability analysis for **Customer Satisfaction**

***** Method 1 (space saver) will be used for this analysis *****

**RELIABILITY ANALYSIS - SCALE (ALPHA)**

Reliability Coefficients

N of Cases = 400.0  
N of Items = 5  
Alpha = .7922

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Reliability analysis for **Customer loyalty**

***** Method 1 (space saver) will be used for this analysis *****

**RELIABILITY ANALYSIS - SCALE (ALPHA)**

Reliability Coefficients

N of Cases = 400.0  
N of Items = 5  
Alpha = .8520