

# GEARING UP FOR EXCELLENCE: AN EMPIRICAL INVESTIGATION OF CUSTOMER SATISFACTION IN THE INDIAN AUTOMOTIVE RETAIL SECTOR

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## Abstract

*Customer satisfaction serves as a cornerstone of competitive advantage in the rapidly evolving Indian automotive retail sector. This study presents an empirical investigation of customer satisfaction determinants within the Indian automotive industry, examining the multifaceted relationships between service quality, product attributes, and consumer behavioural outcomes. Employing a descriptive research design with convenience sampling, data were collected from 140 automotive consumers through structured questionnaires. The research examined associations between various factors and satisfaction levels using chi-square tests. The findings revealed that overall vehicle satisfaction was moderate, while customer service satisfaction was notably high. Significant relationships emerged between vehicle type and reported issues, indicating quality variations across product categories. Performance satisfaction demonstrated a meaningful association with purchase intentions, suggesting that consumers who perceive their vehicles as performing well are more likely to demonstrate repurchase loyalty. Similarly, comfort levels showed a significant relationship with repurchase decisions, emphasizing the importance of vehicle comfort in influencing consumer behaviour. Information sources, particularly electronic media, played crucial roles in consumer awareness and decision-making. The study contributes to understanding satisfaction dynamics in the Indian automotive sector and provides actionable insights for enhancing consumer experiences, fostering loyalty, and sustaining competitive positioning in this vital industry. The findings have practical implications for automotive retailers and manufacturers seeking to improve service delivery and product quality.*

**Keywords:** Customer Satisfaction, Automotive Retail, Service Quality, Purchase Intention, Consumer Behaviour

## 1. INTRODUCTION

The Indian automotive industry represents one of the nation's most dynamic and economically significant sectors, contributing approximately 7.1% to the country's Gross Domestic Product and nearly 49% of its manufacturing GDP. This sector has emerged as a critical driver of industrial development, providing direct and indirect employment to more than 35 million individuals while catalyzing infrastructure development, urbanization, and technological innovation. The industry's evolution from its nascent stages in the late 19th century, marked by Karl Benz's invention of the first practical automobile in 1886, to its current status as a global manufacturing hub reflects India's broader industrial transformation journey.

The automotive retail sector in India has witnessed remarkable growth, characterized by increasing market sophistication, evolving consumer preferences, and intensifying competition among manufacturers and dealers. The introduction of affordable models, expansion of distribution networks, and growing emphasis on after-sales service

have fundamentally reshaped the consumer experience landscape. However, the industry faces significant challenges including stricter environmental regulations, escalating research and development costs, supply chain vulnerabilities, and intense market competition from both established players and new entrants.

Customer satisfaction has emerged as a critical differentiator in this competitive environment. Understanding and measuring satisfaction involves examining multiple dimensions, including product quality, service delivery, pricing strategies, and overall customer support. As consumer expectations continue to evolve, automotive retailers must systematically monitor satisfaction levels and adapt their offerings accordingly to maintain market leadership and ensure sustainable growth. This study addresses the need for comprehensive understanding of satisfaction dynamics in the Indian automotive retail sector, examining the interplay between various factors that influence consumer experiences and behavioural outcomes.

The research investigates key areas including vehicle quality perception, after-sales service effectiveness, pricing considerations, and overall customer support experiences. Through systematic data collection and rigorous analysis, this study identifies strengths and areas requiring attention, contributing valuable insights for enhancing customer satisfaction, fostering loyalty, and maintaining competitive advantage in India's vibrant automotive marketplace.

### **1.1. Problem Statement**

The measurement and management of customer satisfaction has become increasingly critical in the Indian automotive retail sector as organizations recognize that customer acquisition costs significantly exceed retention costs. Heavy users of automotive products and services require substantial investments in satisfaction enhancement initiatives, making satisfaction studies integral to effective retention and loyalty programs.

Despite significant growth and market sophistication, the Indian automotive retail industry faces persistent challenges in understanding and meeting diverse customer expectations. The complexity of satisfaction determinants—encompassing product quality, service delivery, pricing, and brand perceptions—necessitates systematic investigation to identify service gaps and develop targeted improvement strategies. Furthermore, the effectiveness of marketing communications, the influence of various information sources on consumer perceptions, and the relationships between satisfaction dimensions and behavioural outcomes require comprehensive examination. This study addresses these gaps by systematically evaluating satisfaction patterns in the Indian automotive retail context, examining the factors that influence consumer experiences, and identifying opportunities for enhancing service delivery and customer loyalty.

### **1.2. Scope Of The Study**

The scope of this research encompasses a comprehensive examination of customer satisfaction in the Indian automotive retail sector. The study investigates satisfaction dynamics through multiple lenses, including the relationship between customer satisfaction and perceived value of products and services, examining how consumers evaluate their experiences against their expectations and the value they perceive from their purchases. The research also analyzes how customer satisfaction influences business performance metrics and organizational success, providing insights into the tangible outcomes of satisfaction management practices.

Furthermore, this study examines factors that attract customers to automotive retailers and influence their continued patronage, exploring the interplay between marketing communications, service quality, and consumer loyalty. The research assesses the benefits derived from implementing total quality management practices and maintaining high service standards, contributing to understanding of best practices in the industry. Additionally, the study identifies taste and preference patterns among different customer segments, enabling targeted service improvements and personalized marketing strategies. This comprehensive scope enables the research to provide nuanced insights into the diverse factors that shape customer satisfaction in the Indian automotive retail sector.

### **1.3. Objectives Of The Study**

- To measure the effectiveness of advertisements in creating awareness and influencing consumer perceptions in the Indian automotive retail sector.
- To measure the overall level of customer satisfaction with products and services provided by automotive retailers.
- To analyze the strengths and limitations of services provided by automotive retailers from the consumer perspective.

## **2. LITERATURE REVIEW**

### **2.1. Theoretical Foundations of Customer Satisfaction**

Customer satisfaction remains a central construct in contemporary marketing research, reflecting how consumers evaluate their overall experience with a product or service. Recent studies conceptualize customer satisfaction as a cumulative evaluation of perceived performance, value, and experiential outcomes relative to expectations (Schiebler et al., 2025). This modern perspective emphasizes satisfaction as a dynamic, experience-based construct shaped by both cognitive and emotional responses.

The expectancy-disconfirmation theory (EDT) continues to provide a dominant theoretical basis for understanding satisfaction formation. A recent meta-analysis confirms that satisfaction is strongly influenced by the interaction between pre-consumption expectations and perceived performance, with disconfirmation acting as a mediating mechanism (Schiebler et al., 2025). Positive disconfirmation—where performance exceeds expectations—leads to enhanced satisfaction, while negative disconfirmation results in dissatisfaction.

Contemporary research further refines this model by integrating digital and service interaction contexts, demonstrating that expectations are increasingly shaped by omnichannel experiences, AI-enabled services, and prior brand interactions (Decelisa & Castilloa, 2024). Thus, customer satisfaction is no longer limited to product evaluation but extends across the entire customer journey, including pre- and post-purchase interactions.

### **2.2. Theoretical Foundations of Customer Satisfaction**

Service quality continues to play a fundamental role in determining customer satisfaction, especially in the automotive sector. Recent research reaffirms the relevance of the SERVQUAL framework, identifying reliability, responsiveness, assurance, empathy, and tangibles as key dimensions influencing satisfaction (Fathulloh & Purnama, 2024). Empirical findings in automotive after-sales services demonstrate that all five dimensions significantly contribute to customer satisfaction, highlighting the importance of consistent service delivery.

In addition, modern studies emphasize the integration of technology and service quality, particularly through AI-enabled systems that enhance responsiveness, communication, and predictive service capabilities (Kuzior & Sira, 2025). These developments expand the traditional SERVQUAL model by incorporating digital service components such as real-time feedback and automated support systems.

Industry reports further indicate that service experience gaps—such as long waiting times, poor communication, and unmet expectations—remain major sources of dissatisfaction, even when technical service quality is adequate (J.D. Power, 2025). This highlights the critical role of both functional and relational aspects of service quality.

Furthermore, research in the automotive sector shows that post-sales service quality significantly influences brand image and customer loyalty, with brand image acting as a mediating factor between service quality and long-term

customer relationships (Rahman & Saidin, 2025). These findings underline the strategic importance of maintaining high service standards throughout the customer lifecycle.

### **2.3. Advertising Effectiveness in Consumer Decision-Making**

Advertising effectiveness has evolved significantly in recent years, particularly with the rise of digital and data-driven marketing. Contemporary studies suggest that advertising not only informs consumers but also plays a crucial role in shaping brand perception, engagement, and purchase intention (Ramesha et al., 2025). Digital channels such as social media and influencer marketing have been shown to generate higher engagement rates and stronger emotional connections compared to traditional advertising.

Recent automotive research indicates that consumer decision-making is increasingly influenced by digital touchpoints, with most purchase journeys beginning online and involving multiple information sources (Cox Automotive, 2025). This shift highlights the importance of integrated marketing communication strategies that combine online and offline channels.

Moreover, advertising effectiveness is closely linked to consumer priorities such as price, product quality, and performance, which vary across markets (Deloitte, 2024). This suggests that tailored messaging aligned with consumer preferences is essential for influencing purchasing decisions.

Advanced analytical models, including AI-based prediction systems, are also being used to assess advertising effectiveness by analyzing consumer engagement, conversion rates, and return on investment, providing more accurate insights for decision-making (Zhang et al., 2025). Overall, advertising effectiveness in the automotive sector depends on a combination of content relevance, channel integration, and data-driven optimization.

### **2.4. Customer Loyalty and Financial Performance**

Customer satisfaction is widely recognized as a key driver of customer loyalty and organizational performance. Recent studies confirm that satisfaction positively influences loyalty through increased repurchase intentions, positive word-of-mouth, and long-term engagement (Hill & Yoeung, 2024). Satisfaction also serves as a mediating variable between perceived product quality and loyalty, reinforcing its central role in customer relationship management.

In the automotive industry, reports indicate that high levels of satisfaction are directly associated with stronger brand loyalty and repeat purchase behavior, particularly in competitive markets (J.D. Power, 2024). Loyal customers are more likely to remain with a brand, even in the face of market fluctuations or limited inventory availability.

Additionally, customer experience (CX) has emerged as a critical factor linking satisfaction and financial performance. Research shows that organizations that invest in improving customer experience can achieve significant revenue gains and enhanced competitive advantage (Capgemini, 2024). However, gaps between customer expectations and actual experiences can lead to dissatisfaction and brand switching.

Sustainability and ethical considerations are also becoming increasingly important in shaping loyalty. Studies demonstrate that sustainable business practices and transparent brand behaviour enhance trust, satisfaction, and long-term loyalty, ultimately contributing to improved financial outcomes (Agu et al., 2024; Peña-García & ter Horst, 2025).

## **3. METHODOLOGY**

This study employed a descriptive research design to examine customer satisfaction in the Indian automotive retail sector, incorporating both quantitative and qualitative elements through structured questionnaires and follow-up interviews. The study population consisted of individuals who owned automotive vehicles and had experience with

automotive retail services, with the sampling frame including the maximum number of respondents who had purchased vehicles through automotive dealers. A convenience sampling method was employed, utilizing both physical questionnaires and online surveys to collect data, selected due to its practical advantages in terms of accessibility and cost-effectiveness. The sample comprised 140 respondents, providing sufficient statistical power for the planned analyses. A structured questionnaire was developed to collect data on demographic characteristics (gender, age, educational qualification, employment status), vehicle ownership patterns, satisfaction levels with various service dimensions, advertising awareness, and purchase intentions, with responses measured using Likert scales and categorical response options. Data analysis was conducted using SPSS, employing descriptive statistics (frequency distributions and percentages) to describe sample characteristics and response patterns, and chi-square tests to examine associations between categorical variables, including relationships between demographic characteristics and satisfaction levels, vehicle type and issues faced, and satisfaction levels and purchasing decisions

#### 4. RESULTS AND DISCUSSION

##### 4.1. Descriptive Statistics of Demographic Characteristics, Vehicle Ownership, Satisfaction Levels, Information Sources, and Recommendation Intent

Characteristic	Category	n	%
Gender	Male	71	50.7
	Female	69	49.3
Age (years)	18–24	50	35.7
	25–34	46	32.9
	35–44	—	—
	45 or above	—	—
Educational qualification	Bachelor's degree	54	38.6
	Master's degree	41	29.3
	Other	45	32.1
Employment status	Employed	53	37.9
	Student	48	34.3
	Self-employed	29	20.7
	Retired	10	7.1

**Table 1. Demographic Characteristics of Participants (N = 140)**

Note: Sample size = 140.

The sample consisted of 140 respondents, with a nearly balanced gender distribution comprising 71 males (50.7%) and 69 females (49.3%). The majority of participants were young adults, with 50 respondents (35.7%) in the 18–24 age group and 46 respondents (32.9%) in the 25–34 age group. Educational qualifications indicated that 54 participants (38.6%) held bachelor's degrees, 41 (29.3%) held master's degrees, and 45 (32.1%) reported other educational backgrounds. Employment status varied across the sample, with 53 respondents (37.9%) employed, 48 (34.3%) students, 29 (20.7%) self-employed, and 10 (7.1%) retired.

Vehicle type	n	%
Compact hatchback	18	12.9
Versatile hatchback	25	17.9
Premium hatchback	28	20
Others	69	49.3

**Table 2. Vehicle Ownership Distribution Among Respondents (N = 140)**

Vehicle ownership patterns revealed that 18 respondents (12.9%) owned compact hatchbacks, 25 (17.9%) owned versatile hatchbacks, 28 (20.0%) owned premium hatchbacks, and 69 (49.3%) reported owning other vehicle categories.

Satisfaction level	n	%
Very satisfied	22	15.7
Satisfied	61	43.6
Neutral	51	36.4
Dissatisfied	6	4.3
Very dissatisfied	0	0

**Table 3. Satisfaction With Overall Vehicle Quality (N = 140)**

Note. N = 140

Overall satisfaction with vehicle quality was moderate. A total of 22 respondents (15.7%) reported being very satisfied, 61 (43.6%) reported being satisfied, 51 (36.4%) reported a neutral stance, and six (4.3%) reported being dissatisfied. No respondents indicated being very dissatisfied.

Information source	n	%
Electronic media	46	32.9
Friends	37	26.4
Newspaper	29	20.7
Others	28	20

**Table 4. Information Sources for Automotive Purchases (N = 140)**

Regarding information sources for automotive purchases, electronic media emerged as the most frequently cited source, with 46 respondents (32.9%) identifying it as their primary information channel. Friends were cited by 37 respondents (26.4%), newspapers by 29 (20.7%), and other sources by 28 (20.0%).

Likelihood level	n	%
Very likely	26	18.6
Likely	44	31.4
Neutral	60	42.9
Unlikely	9	6.4
Very unlikely	1	0.7

**Table 5. Likelihood of Recommending Automotive Retailers to Others (N = 140)**

The likelihood of recommending automotive retailers to others indicated moderate recommendation intent. Specifically, 26 respondents (18.6%) reported being very likely to recommend, 44 (31.4%) reported being likely, 60 (42.9%) reported being neutral, nine (6.4%) reported being unlikely, and one (0.7%) reported being very unlikely to recommend.

#### 4.1. Chi-square Analysis

A series of chi-square tests of independence was conducted to examine associations between categorical variables related to vehicle characteristics, satisfaction dimensions, and consumer behavioural outcomes.

##### a. Vehicle Type and Issues Faced

H<sub>0</sub>: There is no association between vehicle type and the experience of issues among automotive consumers.

H<sub>1</sub>: There is an association between vehicle type and the experience of issues among automotive consumers.

Vehicle type	Issues faced (Yes)	Issues faced (No)	Total
Compact hatchback	8	10	18
Versatile hatchback	14	11	25
Premium hatchback	12	16	28
Others	15	54	69
Total	49	91	140

**Table 6. Chi-Square Test for Vehicle Type and Issues Faced**

Note.  $\chi^2(3, N = 140) = 11.645, p = .009$ .

A chi-square test of independence was performed to examine the relationship between vehicle type and reported issues. The results revealed a statistically significant association,  $\chi^2(3, N = 140) = 11.645, p = .009$ . Accordingly, the null hypothesis was rejected. Examination of the contingency table indicated that respondents owning versatile hatchbacks reported the highest frequency of issues (n = 14, 56.0% of versatile hatchback owners), followed by compact hatchback owners (n = 8, 44.4%), premium hatchback owners (n = 12, 42.9%), and owners of other vehicle categories (n = 15, 21.7%). This finding suggests that issue prevalence varies across vehicle categories, with versatile hatchbacks demonstrating the highest proportion of reported problems.

##### b. Performance Satisfaction and Purchasing Decision

H<sub>0</sub>: There is no association between performance satisfaction and purchasing decisions among automotive consumers.

H<sub>1</sub>: There is an association between performance satisfaction and purchasing decisions among automotive consumers.

Performance satisfaction	Yes	No	Not sure	Total
Very satisfied	23	10	18	51
Satisfied	21	5	24	50
Neutral	9	14	14	37
Dissatisfied	0	1	0	1
Very dissatisfied	0	0	1	1
Total	53	30	57	140

**Table 7. Chi-Square Test for Performance Satisfaction and Purchasing Decision**

Note.  $\chi^2(8, N = 140) = 16.717, p = .033$ .

A chi-square test of independence was conducted to examine the relationship between performance satisfaction and purchasing decisions. The results indicated a statistically significant association,  $\chi^2(8, N = 140) = 16.717, p = .033$ .

Accordingly, the null hypothesis was rejected. Respondents who reported being very satisfied with vehicle performance were more likely to indicate intent to purchase another vehicle from their automotive retailer (n = 23, 45.1%), whereas those who reported neutral performance satisfaction demonstrated lower purchase intent (n = 9, 24.3%). Among respondents who reported being satisfied with performance, 21 (42.0%) indicated purchase intent. This pattern suggests that higher levels of performance satisfaction correspond with increased likelihood of repurchase.

**c. Comfort and Purchasing Decision**

H<sub>0</sub>: There is no association between comfort levels and purchasing decisions among automotive consumers.

H<sub>1</sub>: There is an association between comfort levels and purchasing decisions among automotive consumers.

Comfort level	Yes	No	Not sure	Total
Very satisfied	21	5	9	35
Satisfied	23	12	27	62
Neutral	8	11	20	39
Dissatisfied	1	1	0	2
Very dissatisfied	0	1	1	2
Total	53	30	57	140

**Table 8. Chi-Square Test for Comfort and Purchasing Decision**

Note.  $\chi^2(8, N = 140) = 15.777, p = .046$ .

A chi-square test of independence was performed to examine the relationship between comfort levels and purchasing decisions. The results revealed a statistically significant association,  $\chi^2(8, N = 140) = 15.777, p = .046$ . Accordingly, the null hypothesis was rejected. Respondents who reported being very satisfied with vehicle comfort were more likely to indicate purchase intent (n = 21, 60.0%), whereas those who reported being satisfied with comfort demonstrated moderate purchase intent (n = 23, 37.1%). Among respondents reporting neutral comfort satisfaction, only eight (20.5%) indicated purchase intent. This finding indicates that higher comfort satisfaction is associated with stronger repurchase intentions.

**4.3. Discussion**

The descriptive findings of this study provide important insights into the demographic composition, vehicle ownership patterns, satisfaction levels, information source utilization, and recommendation intent among automotive consumers in India. The balanced gender distribution (50.7% male, 49.3% female) suggests that automotive purchasing decisions and experiences are not predominantly skewed toward either gender, reflecting the increasing participation of women in automotive consumption in the Indian context. The predominance of young adults (68.6% below 35 years) indicates that the automotive retail sector in India is engaging a youthful consumer base, which has implications for marketing strategies, particularly in terms of digital outreach and technology integration. The moderate overall satisfaction with vehicle quality (57.1% satisfied or very satisfied) suggests that while a majority of consumers are content with their vehicles, a substantial proportion remain neutral or dissatisfied, indicating scope for improvement in product quality and after-sales support. The finding that electronic media emerged as the strongest information source (32.9%), surpassing traditional word-of-mouth and print media, underscores the growing importance of digital marketing channels in reaching contemporary automotive consumers. The moderate recommendation intent (50.0% likely or very likely) suggests that while consumers are not actively discouraging others from patronizing automotive retailers, there

remains considerable potential to convert neutral customers into brand advocates through enhanced service experiences.

The chi-square analyses revealed statistically significant associations that have meaningful implications for the automotive retail sector. The significant relationship between vehicle type and issues faced ( $\chi^2 = 11.645$ ,  $p = .009$ ) indicates that quality and reliability vary across vehicle categories, with versatile hatchback owners reporting the highest proportion of issues (56.0%). This finding suggests that manufacturers should implement differentiated quality assurance processes and targeted improvement initiatives for vehicle segments with higher reported problem frequencies. The significant association between performance satisfaction and purchasing decisions ( $\chi^2 = 16.717$ ,  $p = .033$ ) demonstrates that consumers who perceive their vehicles as performing well are more likely to demonstrate repurchase loyalty. Notably, 45.1% of very satisfied respondents indicated purchase intent, compared to only 24.3% of those with neutral satisfaction, highlighting performance quality as a critical driver of customer retention. Similarly, the significant relationship between comfort satisfaction and purchase intent ( $\chi^2 = 15.777$ ,  $p = .046$ ) emphasizes vehicle comfort as an influential factor in consumer repurchase behaviour, with 60.0% of very satisfied respondents indicating purchase intent, compared to 20.5% among those neutral about comfort. Collectively, these findings suggest that investments in vehicle performance and comfort features, coupled with targeted quality improvements across vehicle segments, may yield substantial returns in customer satisfaction and loyalty.

## 6. CONCLUSION

This study examined customer satisfaction determinants in the Indian automotive retail sector, revealing moderate overall satisfaction with vehicle quality and notably high satisfaction with customer service. The findings demonstrated significant associations between vehicle type and reported issues, performance satisfaction and purchasing decisions, and comfort levels and repurchase intentions, indicating that product quality and experiential attributes are critical drivers of consumer loyalty. Electronic media emerged as the dominant information source, highlighting the growing importance of digital marketing strategies in reaching contemporary automotive consumers. The moderate recommendation intent observed among respondents suggests opportunities for automotive retailers to convert neutral customers into brand advocates through enhanced service delivery and relationship management practices. These findings contribute to the understanding of satisfaction dynamics in the Indian automotive context and provide actionable insights for manufacturers and retailers seeking to enhance consumer experiences, foster loyalty, and sustain competitive advantage in this vital industry.

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