



PRICE SATISFACTION IN CAR SERVICE CENTRES

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ABSTRACT

Purpose – The purpose of the study is to investigate the relationship of price satisfaction on customer loyalty in the car service centre setting. In addition, the relationship of Customer Satisfaction and trust shall also be considered as an antecedent to customer loyalty.

Design/methodology/approach – Based on theoretical discussion regarding the relationship among price satisfaction, customer satisfaction, loyalty, and trust the study was conducted to test the proposed relationships. References from previous studies and primary data collected via questionnaires were employed to measure the constructs.

Findings – The results from the study provide support, suggesting that Price Satisfaction together with Customer Satisfaction and Trust influence Customer Loyalty. The analysis also suggests that Customer Satisfaction and Trust are two important antecedents of Customer's Loyalty.

Research limitations/implications – The study only ponders the relationship between Price Satisfaction and Customer Satisfaction together with Trust as an important driver towards Customer Loyalty in the setting of the study. The study is limited to these factors while other factors were not considered.

Practical implications – The research results suggest that price satisfaction in car service centres can be viewed as a threshold factor in order to maintain satisfied and loyal customers. Additionally, customers' trust should also be considered as a driving factor in determining the level of loyalty.

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CHAPTER 1

INTRODUCTION

1.1 Background

The growing number of car owners every year has been an encouraging factor for the growth and the demand for car service centres. After the expiry of the service contract with their appointed service centres, which normally ranges from one (1) year to three (3) years depending on its service warranty period, a car owner have the choice of service centres for their next oil change. From a simple roadside shack to a car service complex we see them flourished like mushroom after rain. Services provided ranges from a simple oil change to a complete engine overhaul repair. Being a service provider its marketing is different to goods marketing, and is usually more complex to manage. In service industries, the distinctive features of services (intangibility, inseparability, perishability and heterogeneity) require understanding and satisfying customer needs and expectations, creating, communicating and delivering customer value, and keeping promises (Aksoy et al., 2003). Thus it is important that the various services provided by a car service centres are purchased regularly. In order to ensure that the services are purchased regularly, car service centre owners must be ensure that their customers are satisfied with the services

CHAPTER 2

LITERATURE REVIEW

2.1 Price Satisfaction

Service marketing is different to goods marketing, and is usually more complex to manage. In service industries, the distinctive features of services (intangibility, inseparability, perishability and heterogeneity) require understanding and satisfying customer needs and expectations, creating, communicating and delivering customer value, and keeping promises (Aksoy et al., 2003).

In this sense, while price is an important determinant in purchasing and post purchasing processes, the central role of price is especially well recognized as an important variable in services with complex pricing structures rather than tangible products (Matzler et al., 2006).

Previous scholars have suggested that price satisfaction should be considered as a multidimensional construct (Diller, 1997, 2000; Matzler, 2003; Matzler et al., 2003; Rothenberger, 2005) and that several dimensions influence overall satisfaction with price and, in turn, customer satisfaction and its behavioral