

**AFTER-SALES SERVICE AND
CUSTOMER SATISFACTION**

**A Study in the context of consumer Durable
Electronics**



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A Project Work

Submitted to:

Office of the Dean

Faculty of Management

Tribhuvan University

**In partial fulfillment of the requirements of the Degree of
Master of Business Studies (MBS)**

Kathmandu, Nepal

March, 2013

DECLARATION

I hereby declare that the work reported in this thesis entitled “**AFTER-SALES SERVICE AND CUSTOMER SATISFACTION-A Study in the context of consumer Durable Electronics**” submitted to Office of Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master’s Degree in Business Studies (M.B.S) under the supervision of **Asso. Prof Laxman M.D. Joshi** of People’s Campus.

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Acknowledgements

In writing of this Project work has been one of the most significant academic challenges I have faced. I would like to acknowledge the assistance of several persons for their support and influence during this journey. It is to them that I owe my deepest gratitude.

Firstly, I would like to thank my supervisor Laxman M.D Joshi for his enthusiastic support, advice, and patience throughout the research effort. I'm also gratefully to Bijaya P. Shrestha for his advice, supervision, and crucial contribution made during data analysis, which made him a backbone of this research and so to this thesis.

Many thanks go in particular to D.M Basnet and Prakash Shrestha for their continuous support in providing the author with laptop, other library materials and showing concern with the author's thesis works.

For any errors or inadequacies that may remain in this work, of course, the responsibility is entirely my own.

Shreedeeep Rayamajhi

March, 2013

Executive Summary

After-sales service is an integral aspect of Customer Relationship Management (CRM), which is vital tool to enhance customer loyalty and retain profitable relationship with customers over the long-term. This is particularly important in the consumer durables electronic industry, where the frequency of repeat purchase is low. To date, there have been very minimum studies that were conducted by taking into consideration the after-sales service in business organizations particularly the electronic industry in Nepal. Therefore from the data presented in this study, it can be expected that the findings can benefit both industrial and academician by giving a new source of ideas and information.

This study, thus, attempts to identify the factors of after-sales service that affect customer satisfaction in Nepalese consumer durable electronics and home appliances market so as to help the companies competing in this sector to determine which aspects of after-sales service require more focus and investment. There are three research objectives of the study; (1) To examine the relationship between delivery and its effect on customer satisfaction; (2) To explore the relationship between installation and its effect on customer satisfaction; and (3) To identify the relationship between warranty and its effect on customer satisfaction.

The literature review suggested that there is a strong correlation between customer satisfaction, as a dependent variable, and the 3 independent variables – Delivery, Installation, and Warranty. An attempt was made to find out which sub factors under these three categories are critical for business organizations. To create customer satisfaction and beyond that the elusive goal of customer delight. Satisfied customers will not only remain loyal, but will have increased positive perceptions about the company's products and services. This will lead to a positive word-of-mouth in the market, thereby resulting in an increase in

the number of new customers and thereafter in overall market share. This is true because fast delivery is very crucial to the customers to meet their usage and production requirement. Installing a quality service and a fast response towards the warranty claim will give an indication of good quality and value product.

In order to achieve the objectives, the research is designed as a quantitative research where sources of information were gathered from questionnaire. Instrument utilized is through the self-administered questionnaire containing closed-ended and scales to matrix questions. This study is interested in describing the characteristics of a population or phenomenon, thus the study is a descriptive study. This study also used hypotheses testing to determine the influence of dealer-controlled delivery, dealer-controlled repair outside warranty, company-controlled installation, and company-controlled warranty towards customer satisfaction. The type of sampling is probability sampling. Out of the total population, 200 respondents are expected to respond to the research survey but only 185 responses were received. Pre-testing of the questionnaire was made during the pilot study. The scale was piloted amongst a sample of thirty (30) individuals and university students.

The techniques of analysis used in this study are descriptive (mean, standard deviation) and inferential analysis (regression) to sum up the data collected. In order to help to describe the sample characteristics in the data analysis report, demographic data such as age, gender, education level, occupation, and family category (size) were included in the questionnaire. These data are structured in a range of response option, rather than seeking exact figures. In the subsequent section (Part I), close-ended question is asked to respondents about the perception and behavior in after-sales service and section (Part II) consists of different statement relating to installation, warranty and deliver using likert scale. The study sub-variables scale were measured

using reverse Likert scale rated varying from 1 to 5 i.e. (1=Extremely Satisfied; 2=Satisfied; 3=Neutral; 4=Less Satisfied; 5=Unsatisfied). Dealer-controlled delivery is constructed on five measurement items, Dealer-controlled repair outside warranty is constructed on single item, Company-controlled Post-delivery installation is constructed in four measurement items, and Company-controlled Post-delivery warranty is constructed on six measurement items.

From the statistical results, the dealer-controlled delivery factors ($r=0.742$) shows a fairly positive (strong) relationship with customer satisfaction, there exists a positive relationship between dealer-controlled dealer repair outside warranty ($r=0.391$ or 39.10 %) and customer satisfaction, the company-controlled post-delivery installation factors ($r=0.634$ or 63.40%) shows a fairly positive (strong) relationship with customer satisfaction, and the company-controlled post-delivery warranty factors ($r=0.513$ or 51.30%) shows a fairly positive (strong) relationship with customer satisfaction. Similarly, the dealer-controlled warranty factor and company-controlled warranty factors to be significantly related to the customer satisfaction and dealer-controlled repair outside warranty and company-controlled post-delivery installation factors not to be significantly related to the customer satisfaction.

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Abbreviation of Frequently Used Terms

Abbreviation	Description
4P's	Product, Price, Promotion and Place
AC	Air Condition
ANOVA	Analysis of Variance
AS	After-Sales
B	Coefficient of Beta
B2B	Business-to-Business
C1	Dealer-Controlled Delivery Factor
C2	Dealer-Controlled Dealer Repair outside Warranty
C3	Company-Controlled Installation Factor
C4	Company-Controlled Warranty Factor
CD-ROM	Compact Disk – Read Only Memory
CEM	Customer Experience Management
CRM	Customer Relationship Management
CS	Customer Satisfaction
CTV	Color Television
d.f	Degree of Freedom
GRP	Graduate Research Project
H10	Null Hypothesis One
H20	Null Hypothesis Two
H30	Null Hypothesis Three
H40	Null Hypothesis Four
IT	Information Technology
KPIs	Key performance indicators
LCD	Liquid Crystal Display
MBA	Master of Business Administration
P	P-Value
PC	Personal computers
RM	Relationship Marketing

ROA	Return on assets
SE	Service Engineer
sig.	Significant
SPSS	Statistical Package for Social Science
SSM	Sum of Square
SSR	Residual Sum of Square
Std.	Standard
t	T-Value
T.V	Television
TQM	Total Quality Management
U.S	United States
USA	United States of America
VCD	Video Controller Device
viz.	Videlicet (Namely)