

Buying Attributes for Automotive Products and Banking Services

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Abstract

A buying decision depends upon certain attributes that a buyer considers before making a choice. The question arises as to whether these attributes are same or different for products and services. This paper examines the buying attributes for automobile two-wheelers and four-wheelers representing product category and banking service representing service sector, and compares them. The buying attributes considered were based on literature review, including quality of core product/ service, product/ service features, quality of basic customer service, brand name, price, availability, quality of supplementary service; for banking services, location and brand name were also considered.

The most important attribute found when buying an automotive was quality of the core product, followed by product features, quality of basic customer service, brand name, price, availability, and finally, quality of supplementary service. The most important attribute found when availing banking service was quality of the core service, followed by quality of basic customer service, location, quality of supplementary service, and finally, brand name. The paper will help management researchers and professionals in the consumer behaviour area to better understand the buying attributes of consumers for automotive products and banking services. The knowledge of decision-making attributes will benefit marketers who struggle to understand the consumer mind in competitive environment.

Keywords: Buying Attributes, Automotive Product, Banking Service, Core Service, Basic Service, Supplementary Service

Introduction

In consumer behaviour, in-depth analysis and knowledge of customers are prerequisites for marketing products and

services. One of the important questions to be asked about customers is which buying attributes are important to them when they evaluate or buy a product or service. The buying attributes provide the basis for their decisions on purchase of one brand against various competing brands. Further, different buyers may give importance to different buying attributes. For instance, a school-going child may prefer fancy design or style as the most important attribute when buying shoes, whereas the child's parents may give maximum importance to price. In addition, the buying attributes may change over time due to changes in family income or changes in the attitude of the buyers.

A consumer may use an attribute evaluation procedure or 'expectancy-value model' to decide in favour of a brand over other competing brands available in the market. Most consumers consider several buying attributes when they make their buying decisions. If marketers know the importance (i.e. the weights) that a consumer attaches to different buying attributes, they can predict the consumer's choice of the brand for a product. For example, when buyers of a brand of automobile form their buying preferences in the same way, the marketer can take a number of steps to influence their buying decisions.

Another useful method to get consumer insight is 'customer value analysis'. In this technique, it is assumed that customers choose a brand that delivers superior customer value over other brands. Here, the customer value is derived from the difference between customer benefits and customer costs. Customer benefits include product, service, personnel, and image benefits. Costs associated with different brands also vary, as

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costs consist of purchase price plus acquisition, usage, maintenance, ownership, and disposal costs. Marketing managers often conduct a 'customer value analysis' to find out their organisations' strengths and weaknesses in relation to competitors. To carry out the customer value analysis, marketing managers first identify importance of major buying attributes from customers and then rate the company's and major competitors' performance on attribute-by-attribute basis.

This study focuses on analysing the importance of various buying attributes such as product/ service quality, product/ service features, customer service quality, price, brand name, availability for a core product (i.e. automobile) and a core service (viz. banking service). The major distinctive characteristic that distinguishes a service from a product in general is that products are tangible while services are mainly intangible. There are also other distinctive characteristics of services, viz. inseparability, variability, and perishability.

Service quality looks at customer satisfaction as the core. It is one of the most effective instruments as it increases market performance through customer loyalty (Jones, Sasser, & Earl, 1995; Oliver, 1999). Customer satisfaction is the proportion between the expectations before purchase and after purchase (Parasuraman, Zeithaml, & Berry, 1998; Westbrook & Oliver, 1991; Eggert & Ulaga, 2002). There will be a sense of dissatisfaction if anything falls below customer expectations (Parasuraman *et al.*, 1998; Woodruff, 1997). Delivery of quality service is the key to success for any organisation in today's competitive environment (Dawkins & Reichheld, 1990; Parasuraman, Zeithaml, & Berry, 1985; Reichheld & Sasser, 1990; Zeithaml, Berry, & Parasuraman, 1990).

The importance of services and emphasis on service quality is growing, but it is still more of an abstract concept, as it is difficult to measure services (Brown & Swartz, 1989; Carman, 1990; Crosby, 1979; Gravin, 1983). The status of services as an industry or sector is ever-growing (Qualls & Rosa, 1995). In order to measure service quality there are a few service quality models and instruments, e.g. Parasuraman *et al.* (1988) gap model of service quality and Gronroos (1984) service quality model. According to Gronroos (1984), service quality is basically divided into technical quality and functional quality with image quality as a mediating factor. According to Lehtinen and Lehtinen (1982), there are three dimensions of services quality: physical quality, corporate quality, and interactive

quality. However, Parasuraman *et al.* (1985) have proposed ten dimensions to service quality: tangibles, reliability, responsiveness, competence, courtesy, credibility, security, communication, understanding, and access. Parasuraman *et al.* (1988) reduced the number of dimensions to five: tangibles, reliability, responsiveness, assurance, and empathy.

Literature Review

Comparing the buying attributes for two different classes of products/ services, such as automobiles which are more tangible goods and banking services that are more intangible in nature, creates an interesting point of exploration. Are the buying attributes the same or different? There are several common buying attributes in different contexts discussed in the literature.

Isac (2016) studied buying attributes for automobiles in Romania and found the important factors to be quality, closely followed by safety, consumption, and price. According to Vrkljan and Anaby (2011), safety and reliability were the most important attributes for automobile selection, whereas design and performance had the lowest rating. For Dongyan and Xuan (2008), the most important characteristics (or attributes) among young Chinese consumers' for purchasing a car were 'safety,' 'value for money,' and 'riding comfort.' The next important factor in ranking was 'quality of after-sales service.' According to Kate and Handa (2016), the factors that influence purchasing of luxury car segment in Pune were standard of living of the customer, lucrative design, service facility, and image pursuer attributes of the car. As per the 2012 JD Power report¹, the criteria for selection of cars across different segments are reputation, vehicle quality, and design attractiveness.

Thus, 'quality' and 'value for money' are the major buying attributes for the product category of automobiles. According to Merriam-Webster definition, quality is a special, distinctive, or essential character possessed by someone or something. A modern definition of quality derives from Juran's "fitness for intended use" meaning quality is "meeting or exceeding customer expectations."² Parasuraman *et al.* (1985) defined service quality (i.e.

1 <http://www.jdpower.com/cars/articles/jd-power-studies/2012-vehicle-dependability-study-results>

2 http://www.shsu.edu/~mgt_ves/mgt481/lesson1/lesson1.htm

quality of service) as “the comparison between customer expectations and perceptions of service.” Padhy and Swar (2009) indicate in their paper that quality of service is increasingly seen by banks in India as a key strategic differentiator, with most banks undertaking some form of quality improvement initiatives. The paper also highlights the importance of front line employees in service industry.

The next aspect to consider in the buying attributes is customer service. Harris et al (2000) define customer service as “anything to do for the customer that enhances the customer experience.” Customer service includes basic customer service and supplementary service. Basic customer service was defined by Havaladar, Alexander, and Dash (2011) as “a service that accompanies a core product or a core service offering and is provided free of charge to customers,” whereas a supplementary service is an additional service that accompanies a core product or a core service offering and is provided with an extra charge to customers. For instance, in case of automotive product, services like test-drive and warranty service are basic services, while repairs and preventive service after warranty period are supplementary services. For banking service, account opening and passbook updating are basic services, while demand draft preparation and locker service are supplementary services.

Torres and Castells (2006) found that Spanish customers consider ‘proximity of branches’ as the most influential factor in their choice of a savings bank and ‘quality of service provided’ as the most important factor for a commercial bank. Chigamba and Fatoki (2011) found that South African university students want ‘speed in banking services,’ and technology plays an important role in their selection banks: value-added services such as ATMs, e-banking, and phone banking help to save their valuable time. Similarly, ‘availability of technology based services’ and ‘safety of funds’ were the major criteria used by customers in Nigeria for selection of banks (Aregbeyen, 2011).

Green, Chakrabarty, and Whitten (2007) argued that an organisational culture incorporating ‘customer care’ as its central tenet and involving efforts to understand the needs of customers through a market orientation enables the organisation to provide quality services that satisfy the identified customer needs. Nam, Yuksel, and Georgina (2011) suggested that ‘quality of service’ was important for acquiring customers for a new video on demand type service. They further estimated that a 10% increase in service quality has resulted in 7% increase in customer lifetime value. Finally, Danciu (2003) suggested that a supplier of a service should learn the customers’ specific requirements, provide individualised attention, and recognise the regular customers for superior performance in marketing of services.

There is very little research carried out in Indian business situations on buying attributes and the influence of core,

basic and supplementary services on consumers for automobile and banking sectors.

Methodology

The objectives of the current study are to understand the importance of various buying attributes of customers while choosing a product (automotive two-/four-wheelers) and a service (banking), and to analyse the perceptions of customers with regard to quality of core, basic, and supplementary services for automotive products and banking services.

The data for the study was collected from a sample of 130 customers who had purchased an automotive vehicle (two-/ four-wheeler) and who availed banking services. The profile of the respondents is described as follows. 93.8% of the respondents were male, while 6.2% were female. 55.5% of the respondents were in the 18-25 year age group, 36.7% in the age group 25-35 years, 5.5% in the 35-50 year age group, and 2.3% in the 50+ year age group. 0.8% of the respondents had education only up to SSLC, 5.5% were in college, 55.5% were graduate, and 38.3% postgraduate. Thus, the respondents were predominantly 18-35 year-old men with graduate/postgraduate education.

The data was collected from the respondents using a structured questionnaire. The variables taken for the study included the importance of different buying attributes for automotive products and for banking services, and the perception of quality of core, basic, and supplementary services when buying automotive products and banking services.

Analysis

The descriptive statistics of the importance of different factors when buying automotive products are presented in Table 1.

Table 1: Importance of Buying Attributes for Automotives

	Mean	Std. Dev.
Quality of core product	1.51	0.66
Product features	1.87	0.73
Quality of basic customer service	1.94	0.66
Brand name	2.02	0.94
Price	2.13	0.79
Availability	2.26	0.87
Quality of supplementary service	2.47	0.81

The most important factor considered when buying an automotive was quality of the core product, followed by product features, quality of basic customer service, brand name, price, availability, and finally, quality of supplementary service. Quality of the core product was significantly more important than product features ($t = 4.18$, $p = 0.0000$), and there was no significant difference in importance of product features and quality of basic customer service ($t = 0.93$, $p = 0.1775$). Thus, for automotive products, the three most important buying attributes are: quality of the core product, product features, and quality of basic customer service.

The descriptive statistics of the importance of different factors when availing banking services are presented in Table 2.

Table 2: Importance of Buying Attributes for Banking

	<i>Mean</i>	<i>Std. Dev.</i>
Quality of core service	1.62	070
Quality of basic customer service	1.69	0.62
Location	2.07	0.93
Quality of supplementary service	2.37	0.77
Brand name	2.41	0.99

The most important factor considered when availing banking services was quality of the core service, followed by quality of basic customer service, location, quality of supplementary service, and finally, brand name. There was no significant difference in the importance of quality of core product and quality of basic customer service ($t = 0.85$, $p = 0.1980$). Thus, for banking service, the three most important buying attributes are quality of the core service, quality of basic customer service, and location of the bank.

From Tables 1 and 2, it is clear that quality of the core product/ service is the most important buying attribute. The quality of basic customer service (a new concept) is the second most important buying attribute in case of banking service and third most important buying attribute for automobile product. Thus, the quality of the basic

customer service is ranked higher than the quality of the supplementary customer service, but is ranked lower than the core product/ service. It is interesting to note that the quality of the basic customer service is considered more important than brand name, price, and location by customers when buying an automotive product.

The descriptive statistics of the perception of quality of core product/ service, quality of basic customer service, and quality of supplementary customer service when buying automotive products and when availing banking services are presented in Table 3.

Table 3: Perception of Quality of Core Product/ Service, Basic Customer Service, and Supplementary Customer Service

	<i>Automotive</i>		<i>Banking</i>	
	<i>Mean</i>	<i>Std. Dev.</i>	<i>Mean</i>	<i>Std. Dev.</i>
Quality of core product/service	2.02	0.82	1.96	0.80
Quality of basic customer service	2.30	0.86	2.29	0.89
Quality of supplementary service	2.80	0.95	2.78	0.95

For automotive products, quality of core product was perceived as significantly better than quality of basic customer service ($t = 3.49$, $p = 0.0005$), which in turn was perceived as significantly better than quality of supplementary service ($t = 6.28$, $p = 0.0000$). For banking, quality of core service was perceived as significantly better than quality of basic customer service ($t = 4.14$, $p = 0.0000$), which in turn was perceived as significantly better than quality of supplementary service ($t = 5.55$, $p = 0.0000$). On the other hand, there was no significant difference between automotive and banking in the perception of quality of core product/service ($t = 0.58$, $p = 0.2790$), in the perception of quality of basic customer service ($t = 0.09$, $p = 0.4620$), and in the perception of quality of supplementary service ($t = 0.18$, $p = 0.4310$).

The difference in importance of buying attributes for auto-motive products between different age groups is presented in Table 4.

Table 4: Importance of Buying Attributes for Automotives with Age group

		18 - 25 years	25+ years	F Stat	p-value
Price	Mean	2.11	2.17	0.18	0.34
	Std. Dev.	0.83	0.75		
Quality of core product	Mean	1.44	1.60	1.79	0.09
	Std. Dev.	0.64	0.68		
Quality of basic customer service	Mean	1.85	2.05	2.95	0.05
	Std. Dev.	0.61	0.71		
Quality of supplementary service	Mean	2.47	2.47	0.00	0.49
	Std. Dev.	0.81	0.82		
Availability	Mean	2.18	2.36	1.22	0.14
	Std. Dev.	0.78	0.96		
Product features	Mean	1.82	1.93	0.64	0.22
	Std. Dev.	0.72	0.75		
Brand name	Mean	2.00	2.04	0.05	0.42
	Std. Dev.	0.89	0.99		

There was significant difference in the importance of quality of basic service, with the younger age group (18-25 year-olds) giving significantly higher importance than the older age group (25+ years).

The difference in importance of buying attributes for banking services between different age groups is presented in Table 5.

Table 5: Importance of Buying Attributes for Banking with Age group

		18 - 25 years	25+ years	F Stat	p-value
Location	Mean	1.86	2.31	7.43	0.01
	Std. Dev.	0.90	0.91		
Quality of core service	Mean	1.51	1.76	3.89	0.03
	Std. Dev.	0.62	0.78		
Quality of basic customer service	Mean	1.69	1.69	0.00	0.48
	Std. Dev.	0.66	0.58		
Quality of supplementary service	Mean	2.42	2.32	0.44	0.26
	Std. Dev.	0.79	0.75		
Brand name	Mean	2.45	2.37	0.19	0.33
	Std. Dev.	0.95	1.05		

There was significant difference in the importance of location and of quality of core service, with the younger age group (18-25 year-olds) giving significantly higher importance to both as compared to the older age group (25+ years).

The difference in importance of buying attributes for two-wheeler and four-wheeler automotive buyers is presented in Table 6.

Table 6: Importance of Buying Attributes for Two-wheelers and Four-wheelers

		<i>Two-wheeler</i>	<i>Four-wheeler</i>	<i>F Stat</i>	<i>p-value</i>
Price	Mean	2.16	2.19	0.01	0.46
	Std. Dev.	0.82	0.66		
Quality of core product	Mean	1.55	1.38	0.78	0.19
	Std. Dev.	0.74	0.50		
Quality of basic customer service	Mean	1.84	1.69	0.86	0.18
	Std. Dev.	0.61	0.48		
Quality of supplementary service	Mean	2.33	2.25	0.19	0.34
	Std. Dev.	0.71	0.58		
Availability	Mean	2.22	2.06	0.45	0.25
	Std. Dev.	0.85	0.68		
Product features	Mean	2.02	1.44	7.42	0.01
	Std. Dev.	0.81	0.51		
Brand name	Mean	2.13	1.81	1.52	0.11
	Std. Dev.	0.97	0.66		

There was significant difference in the importance of product features, with four-wheeler buyers giving significantly higher importance than two-wheeler buyers.

The difference in importance of buying attributes for public sector and private sector bank customers is presented in Table 7.

Table 7: Importance of Buying Attributes for Public Sector and Private Sector Banking

		<i>Public sector</i>	<i>Private sector</i>	<i>F Stat</i>	<i>p-value</i>
Location	Mean	2.03	2.17	0.53	0.24
	Std. Dev.	0.85	1.10		
Quality of core service	Mean	1.57	1.69	0.79	0.19
	Std. Dev.	0.68	0.75		
Quality of basic customer service	Mean	1.70	1.64	0.23	0.32
	Std. Dev.	0.60	0.66		
Quality of supplementary service	Mean	2.39	2.39	0.00	0.49
	Std. Dev.	0.76	0.83		
Brand name	Mean	2.49	2.40	0.20	0.33
	Std. Dev.	1.02	0.96		

There was no significant difference in the importance of different buying factors between public sector bank customers and private sector bank customers.

Discussion

The present study was designed to explore the influence of different dimensions of service quality on customer satisfaction in the context of automotive and the banking sectors. The study reveals that in the automotive sector, quality of core product was perceived as significantly

more important than quality of basic customer service. Nevertheless, the basic customer service was perceived more important than quality of supplementary services. In case of banking, quality of core service was perceived as significantly more important than quality of basic customer service. However, there was no significant difference between automotive and banking industries on the perception of quality of core product/ service.

The most important buying attribute considered when buying automotive products was quality of the core

product, followed by product features, quality of basic customer service, brand name, price, availability, and finally, quality of supplementary service, whereas the most important buying attribute considered when availing banking services was quality of the core service, followed by quality of basic customer service, location, quality of supplementary service, and finally, brand name. There was significant difference in the importance of quality of basic service, with the younger age group (18-25 year-olds) giving significantly higher importance than the older age group (25+ years). Further research has to be done to identify if this could be applied to other sectors as well.

There are some limitations inherent in the study. The sample size used for the study is relatively low. Also, the sample group was quite heterogeneous. The research geography is in and around Bangalore, India, which limits the scope of the study. A larger study can be carried out in different regions of India with more products and services in consideration. There is a vast scope for further research in this area.

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