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Kampus Sultan Abdul Jalil Shah



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THE EFFECT OF PERCEIVED VALUE DIMENSIONS ON CUSTOMER LOYALTY WITH THE MEDIATION OF CUSTOMER SATISFACTION ATTRIBUTES



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THE EFFECT OF PERCEIVED VALUE DIMENSIONS ON CUSTOMER
LOYALTY WITH THE MEDIATION OF CUSTOMER
SATISFACTION ATTRIBUTES

WU FAN

THESIS PRESENTED TO QUALIFY FOR A DOCTOR OF PHILOSOPHY

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SULTAN IDRIS EDUCATION UNIVERSITY

2024



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ABSTRACT

This study aimed to determine the effect of Customer Perceived Value (CPV) dimensions, namely Product Value (PV), Functional Value (FV), Hedonic Value (HV), Social Value (SV) and Financial Value (FINV), on Customer Satisfaction (CS) attributes, namely Delivery Satisfaction (DS), Dealer Service Satisfaction (DSS) and Purchase Satisfaction (PS), the effect of CPV dimensions and CS attributes on Customer Loyalty (CL), as well as the mediating effect of CS attributes in the effect of CPV dimensions on CL. This study adopted quantitative research. Data were collected from a sample of 500 Chinese car buyers, which were selected using convenience sampling, and analyzed using multiple linear regression. The findings revealed that at significance level of 0.001, all CPV dimensions, namely PV ($\beta=0.426$), FV ($\beta=0.518$), HV ($\beta=0.415$), SV ($\beta=0.542$) and FINV ($\beta=0.446$) have a significant positive effect on DS. The CPV dimensions, namely PV ($\beta=0.576$), FV ($\beta=0.668$), HV ($\beta=0.565$), SV ($\beta=0.692$) and FINV ($\beta=0.596$) also have a significant positive effect on DSS at the significance level of 0.001. Besides, the CPV dimensions, namely PV ($\beta=0.451$), FV ($\beta=0.543$), HV ($\beta=0.44$), SV ($\beta=0.567$) and FINV ($\beta=0.471$) have a significant positive effect on PS at the significance level of 0.001. In addition, at 0.001 significance level, all the CPV dimensions, namely PV ($\beta=0.351$), FV ($\beta=0.516$), HV ($\beta=0.462$), SV ($\beta=0.382$) and FINV ($\beta=0.416$) as well as CS attributes, namely DS ($\beta=0.316$), DSS ($\beta=0.206$) and PS ($\beta=0.315$), have a significant positive effect on CL. The findings also demonstrated the significant mediating effect of DS, DSS and PS in the relationship between CPV dimensions and CL ($p<0.05$). In conclusion, enhancing customer loyalty necessitates an emphasis on both customer-perceived value and satisfaction. In implications, the findings provide fresh insights to the management of Chinese automobile enterprises on better ways to sustain customer loyalty, specifically by improving all the dimensions of customer perceived value and customer satisfaction attributes.





PENGARUH DIMENSI PERSEPSI NILAI PELANGGAN TERHADAP KESETIAAN PELANGGAN DENGAN PENGANTARAAN KEPUASAN PELANGGAN

ABSTRAK

Kajian ini bertujuan untuk menentukan pengaruh dimensi persepsi nilai pelanggan (CPV), iaitu nilai produk (PV), nilai fungsian (FV), nilai hedonik (HV), nilai sosial (SV), dan nilai kewangan (FINV) terhadap atribut kepuasan pelanggan yang terdiri daripada kepuasan penghantaran (DS), kepuasan perkhidmatan pengedar (DSS), dan kepuasan pembelian (PS), dimensi persepsi nilai pelanggan dan atribut kepuasan pelanggan terhadap kesetiaan pelanggan (CL). Kajian ini menggunakan pendekatan kuantitatif. Data dikumpulkan daripada contoh 500 pembeli kereta China, yang dipilih menggunakan pengambilan data yang mudah, dan dianalisis menggunakan regresi linear berganda. Dapatan kajian menunjukkan bahawa dimensi CPV, iaitu PV ($\beta=0.426$, $p=0.000$), FV ($\beta=0.518$, $p=0.000$), HV ($\beta=0.415$, $p=0.000$), SV ($\beta=0.542$, $p=0.000$), dan FINV ($\beta=0.446$, $p=0.000$) mempengaruhi DS secara positif dan signifikan. Dimensi CPV, iaitu PV ($\beta=0.576$, $p=0.000$), FV ($\beta=0.668$, $p=0.000$), HV ($\beta=0.565$, $p=0.000$), SV ($\beta=0.692$, $p=0.000$) dan FINV ($\beta=0.596$, $p=0.000$) juga mempengaruhi DDS secara positif dan signifikan. Selain itu, dimensi CPV, iaitu PV ($\beta=0.451$, $p=0.000$), FV ($\beta=0.543$, $p=0.000$), HV ($\beta=0.44$, $p=0.000$), SV ($\beta=0.567$, $p=0.000$), dan FINV ($\beta=0.471$, $p=0.000$) mempengaruhi PS secara positif dan signifikan. Selain itu, dimensi persepsi nilai pelanggan, iaitu PV ($\beta=0.351$, $p=0.0000$), FV ($\beta=0.516$, $p=0.000$), HV ($\beta=0.462$, $p=0.000$), SV ($\beta=0.382$, $p=0.000$), dan FINV ($\beta=0.316$, $p=0.000$), serta atribut kepuasan pelanggan, iaitu DS ($\beta=0.316$, $p=0.000$), DSS ($\beta=0.206,000$), dan PS ($\beta=0.315$, $p=0.000$), mempengaruhi CL secara positif dan signifikan. Dapatan kajian turut menunjukkan bahawa DS, DSS dan PS berperanan sebagai pengantara yang signifikan dalam hubungan di antara dimensi CPV dan CL ($p<0.05$). Kesimpulannya, meningkatkan kesetiaan pelanggan memerlukan penekanan terhadap persepsi nilai dan kepuasan pelanggan. Implikasinya, dapatan ini menawarkan perspektif baharu kepada pengurusan syarikat kereta di China berhubung kaedah yang lebih baik untuk mengekalkan kesetiaan pelanggan, terutamanya melalui peningkatan dalam dimensi persepsi nilai pelanggan dan atribut kepuasan pelanggan.



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LIST OF ABBREVIATION

ACSI	American Customer Satisfaction Index Model
CL	Customer Loyalty
CPV	Customer Perceived Value
CS	Customer Satisfaction
DS	Delivery Satisfaction
DSS	Dealer Service Satisfaction
ESCI	European Customer Satisfaction Index Model
FINV	Financial Value
FV	Functional Value
HV	Hedonic Value
PS	Purchase Satisfaction
PV	Product Value
SCSB	Swedish Customer Satisfaction Index Model
SV	Social Value
WOM	Word of Mouth
WTO	World Trade Organization



APPENDIX LIST

- A Expert Questionnaire of CPV to Automobile Brand (1)
- B Expert Questionnaire of CPV to Automobile Brand (2)
- C Questionnaire for Automobile Buyers





CHAPTER 1

INTRODUCTION



The journey of understanding customer behavior and its implications for businesses is a critical aspect of contemporary research in the field of marketing and management. This chapter lays the foundation for the comprehensive exploration of this intricate subject. It provides an overview of the research background, highlights the research problems, outlines the research questions, delineates the research objectives, and provides operational definitions of key terms essential to our study. Moreover, it introduces the conceptual framework that will guide our investigation and outlines the structure of this research.





1.2 Research Background

The shortage of resources, environmental pollution, and diversified development of consumer demand and personality force automobile enterprises to transform upgrade and innovate in the direction of low carbon environmental protection, energy-saving, and high efficiency to cater to various consumer demands, to gain customer satisfaction and customer loyalty (Fang, et al., 2020; Li, et al., 2020).

China's economy has shifted from high-speed growth to medium-high-speed growth, with its size increasing and economic development slowing down (Yu & Du, 2019). The economic development model has also shifted from being driven by factors of production and investment to being driven by innovation. In recent years, automobile customers are more likely to pursue vehicles' all-sided performance and configuration (Van de Kaa, Scholten, Rezaei, & Milchram, 2017). China is still in the expansion period of automobile consumption. One of the indicators is that the first and second-tier cities in China are increasingly setting restrictions on cars, and the cars' actual consumption regions gradually shifted into three or four-line cities with booming demand (Nieuwenhuis, 2008). However, Chinese per capita car ownership is far lower than the number of well-developed countries and the world's average level. Given the above tendency, in the long term, the Chinese market seems to have high consumption potentiality (Zeng, Shi, Li, Lo, & Zhu, 2013). Increasing numbers of scholars started to speculate the introduction of foreign vehicles to promote the process of the prosperity of the Chinese automotive market (Thun, 2018).





The large-scale trend of Chinese automobile enterprises is remarkable, and the proportion of large-scale enterprises is very high (Liu, Hao, Cheng, & Zhao, 2018). The scale gap between large enterprises and small and medium-sized enterprises has been completely opened, and the scale gap between large enterprises is not obvious. There is a significant gap between Chinese large automobile enterprises and multinational automobile enterprises in terms of enterprise-scale, research and development investment, market share, and so on. In addition, China's automobile manufacturing industry has a high degree of foreign participation. Chinese large automobile groups are the main participants in joint ventures and the main suppliers of joint venture brand cars. As a result of this market pattern, the output of China's own-brand cars is too low, the market share is gradually declining, and the development of independent-brand cars is weak. Another factor is that the overall level of profit margin, technological progress, and production efficiency of China's automobile manufacturing industry has been improved. To meet the challenge, Chinese domestic automobile brands must come up with specific marketing strategies through maintaining customer loyalty and satisfaction in several aspects.

China, as the world's largest automotive market, presents a compelling context for this study. The decision to focus on China as the research context is driven by several key factors:

China has witnessed remarkable growth in its automotive industry over the past few decades. It has become a major player in both production and consumption of automobiles. As of 2023, China accounted for 25% of the world's total automobile





sales, 31.8% of global automobile production, and boasted 19.9% of registered vehicles.

Despite the exponential growth in the automotive market, there have been persistent challenges related to customer loyalty in the Chinese car industry. As per YiChe Research Institute, a research institution established by Yiche, a leading automotive service platform in China, customer loyalty rates (18.24%) in China's automotive sector have been lower compared to the average loyalty in the global automotive industry (46%) (S&P Global, 2023). This loyalty issue poses a significant concern for automakers and provides a compelling context for investigating the factors that influence customer loyalty.



international brands vying for market share. In such a competitive environment, understanding the drivers of customer satisfaction and loyalty becomes crucial for sustaining and expanding market presence.

Facing the complex international and domestic situation and pressure of fierce competition, the questions of automobile enterprises to bring forth the fresh in the cracks forward, stand out, and produce certain products to meet consumer demand, keeping sales high and continuing to attract new customers have become more emphasized (Arumugam, et al., 2020). Accordingly, attracting and retaining more high-class and loyal customers have become the commonly emphasized and difficult problems faced by enterprises, to help Chinese automobile enterprises change from





large automobile enterprises to strong automobile enterprises, and to realize the overall upgrading of the national automobile manufacturing industry.

To gain more profits, those international automobile companies are prone to engage in the strategies of improving performance and catering to various needs of consumers. To be specific, it is necessary to build firm relationships with consumers, in other words, connecting with loyal customers should be viewed as the main factor in obtaining the market share and establishing sustainable competitive strength (Mokhtariani, Sebt, & Davoudpour, 2017). Loyal customers play a significant role in the survival of certain businesses (Beer et al., 2018).

It is mainly because gaining new consumers is remarkably more cost-consuming than maintaining old consumers (Van Ooijen & Vrabec, 2018). In addition, because of the development of telecommunication and technology, consumers are becoming increasingly receptive to the brand, therefore, it is not only satisfaction that is suitable to keep a long-run relationship (Schirmer, Ringle, Gudergan, & Feistel, 2016). According to this, Chinese automobile managers must realize what reasons may influence these loyal users' satisfaction and loyalty, and how to take corresponding measures to maintain those consumers.

Through the understanding and recognition of customer perceived value (CPV), it can be known what customers are concerned about and what elements they care about, and then through digging out the value of these elements, find out the key elements that can cause consumers' short-term performance as satisfaction, maintain satisfaction and bring customer loyalty to cultivate (Slack, et al., 2021; Tuncer, et al., 2021).





In terms of scope, the process of discovering these elements is not only a process from more to less, from shallow to deep, but also a process of refining CPV, and then rising to customer satisfaction and loyalty. The understanding of CPV can begin with the understanding of the concept of “Buyer’s Value China” put forward in “Competitive Advantage”. The automobile industry has always been in the core position in the development of the national economic industry, which is called “The Industry in the Industry” (Altenburg, Feng, & Shen, 2017).

Customer satisfaction is to further distinguish and discover the value on based on perceived value dimensions, find and pay attention to the perceived value of their own needs, or the more meaningful value discovered based on these values (Sobari, et al., 2022). For example, when consumers buy a car, the shape, driving experience, and cost performance of the car are the internal value of their feelings. Among these values, some consumers take a good appearance as their satisfaction standard, some consumers take a good driving experience as their purchase standard, and some take two or more value perceptions as their satisfaction evaluation standard. When these consumers’ self-satisfied standards meet their expectations, they get purchase satisfaction (Opata, et al., 2021). When this purchase satisfaction is maintained for a long time, it will rise from satisfaction to loyalty. In comparison, satisfaction is a short-term, relatively unstable psychological feeling, and loyalty is a long-term, accumulated, and relatively fixed psychological feeling (Hohenberg & Taylor, 2022).

In the aspect of satisfying the requirements of the households, the automobile industry then constitutes the second expenditure item which is only behind to housing industry. Thereby the automobile industry continues to have a remarkable effect on



foreign direct investment, international trade and business, economic development, and environmental harmony process (Lee & Mah, 2017). Although the demand in China's automobile consumer market is huge, in recent years, with the increase of domestic and foreign automobile enterprises, the increase in the number of cars produced and sold, and the increase in price reduction caused by the fierce competition among various automobile enterprises, the major automobile manufacturers have gradually transferred their development strategies to the improvement of automobile quality, specifically enhancing consumers' perceived value, satisfaction, and loyalty. At the same time, China's automobile consumption has changed from a growth market to a stock market, and economies of scale alone cannot stand out in the fierce market competition (Zhou & Ou, 2021). The management and maintenance of brands and the cultivation and improvement of customer loyalty can bring more possibilities for the development of

In the contemporary world, the Chinese market has a huge demand for foreign brand automobiles (Sun, Wu, Li, & Grewal, 2018). In the past few years, China's automobile market has always been the leading positions in global automobile production and sales, and the market scale is in the leading position in the world (Xue, 2020). As far as independent brands are concerned in the Chinese domestic market, the reason why some competition deficiency of some backward enterprises is prominent may contribute to the factors of product problems, satisfaction, consumer reputation and other aspects, which cause the failure to establish their brand competitiveness (Eiza & Ni, 2017).



Facing the depressed market, Chinese automobile companies need to cooperate with foreign automobile manufacturing brands (Azam & Yusoff, 2020). To confront with the fiercely competing market, the future of the Chinese automobile industry is unpredictable to some extent (Miao, 2018). Chinese automobile market needs to form brands and maintain loyal customers, but the domestic industrial foundation is weak, and the related research about automobiles and their development started relatively late and with immature technology. Thus, it is necessary to create, cultivate and construct patiently to establish world-class enterprises. In recent years, Chinese independent automobile brands have gained a foothold in the individual market segments. However, in order to truly compete with foreign enterprises, it is advisable to enhance the comprehensive manufacturing capabilities and enhance brand competitiveness (Gao & Peng, 2020).



China's automobile market has gradually changed from a growth market to a stock market, among which 40% are users who are active in automobile trading. If the customer loyalty of users can be cultivated, the road of development and upgrading of automobile brands can get twice the result with half the effort. But the average customer loyalty of Chinese car brands is only 9.8%. 90% of users are lost in the purchase process, compared with more than 52.6% of the loyalty of major American car brands. Therefore, enhancing customer loyalty has become an urgent problem for Chinese automobile brands (Ahmed, 2016).

Therefore, from the perspective of Chinese automobile enterprises, it is particularly necessary to explore the relationship between CPV, customer satisfaction and customer loyalty in the Chinese automobile market to solve the development





dilemma of automobile enterprises, and to find a development path for automobile enterprises from the perspective of marketing.

1.3 Research Problems

With the development of economic globalization, Chinese enterprises are facing the challenge of excellent enterprises from all over the world. Establishing a good relationship between enterprises and consumers and cultivating customer loyal customers are the keys for Chinese enterprises to increase their market share. For automobile enterprises, if they want to be in an invincible position among many automobile enterprises, it is particularly important to enhance automobile customer loyalty. Based on the typical “Pareto principle”, it is noted that 80% of the income of enterprises comes from 20% of loyal customers, even if this proportion is very small, it is also an important source and support of corporate profits (Zuo & Guo, 2019). Due to the continuous upgrading of cars, Chinese customers have begun to buy a second or third car, and loyalty towards car brands will be severely affected (Wang, Hung, Li, & Qiu, 2020). To ensure the success of automobile brands in the automobile market, automobile enterprises should strive to improve brand awareness and reputation, improve customer loyalty, and enable more customers to bring greater profits. According to the study, if customer loyalty increases by 5%, the enterprise benefit can accordingly increase by 20% and 40% (Holbrook, 2012). Therefore, the establishment of loyal customers is one of the top priorities of the marketing strategy management of automobile enterprises.





With the increasingly fierce competition in the automobile industry, enterprises pay more and more attention to the construction of automobile customer loyalty. Automobile customer loyalty is the loyalty of car owners to a certain automobile brand (Zhang, Xie, Huang, & He, 2014). Through the collection of research on customer loyalty to automobile brands, it was found that most of the research on customer loyalty in the automobile industry only focuses on one or several aspects of automobile customer loyalty drive (Udriyah, Tham, & Azam, 2019). There are few types of research on the driving mechanism of automobile customer loyalty according to the characteristics of automobile products and industry. For example, the research on automobile customer loyalty from the perspective of symbolism discusses the influence of automobile brand commitment on automobile customer loyalty from the perspectives of product involvement, consumer conformity, and brand sensitivity (Ning, Xue, & Xi,



In relation to that, Zhang (2013) pointed out that customer satisfaction can only be improved through effective customer relationship management, improving the quality of spare parts, and auto repair service while Tang (2016) highlighted that the key to cultivating customer loyalty in automobile marketing is to identify the characteristics of loyal customers and high-quality pre-sale, in-sale, and after-sales service. Further, Wang, So, and Sparks (2016) believe that only by serving customers and relying on complete service concepts, advanced service technology and humanized service procedures can we effectively improve customer satisfaction and loyalty. Through deep analysis and research on the relationship between market orientation and customer loyalty, it was also found that market-oriented corporate culture requires enterprises to investigate customer satisfaction, investigate customer needs, and address





customer dissatisfaction and complaints, suggesting great significance to improve service attitude and improve customer value to promote customer loyalty (Khan & Ghouri, 2018). Meng (2015) analyzed that in the economic crisis, emotional marketing is the marketing strategy to improve loyalty, and 3Es factors brand equity (Equity), experience (Experience), and energy (Energy) are taken as the core of emotional marketing rules, to maintain and improve customer loyalty under the crisis. What is more, it was proposed that enterprises must transition from the extensive brand operation mode guided by brand awareness to pay attention to reducing the speed of consumer brand conversion and improving customer loyalty, to form a strategic brand operation mode guided by reputation and loyalty (Coelho, Rita, & Santos, 2018).

Based on past studies which investigated the influencing factors of customer loyalty and its significance to the enterprise, Li and Zhu (2015) formulated a strategy for cultivating customer loyalty in the network era and relationship marketing strategy has been emphasized as one of the winning strategies for cultivating customer loyalty in China, (Heine, Atwal, & He, 2018). Besides, to improve the satisfaction of automobile after-sales service quality, it is important to correctly understand the importance of improving the satisfaction of automobile after-sales service quality, along with improving the tangible display of enterprises and carrying out customer expectation management (Hui, 2013).

To sum up, there are many types of research on customer loyalty by Chinese and foreign experts, from the early research on the post-effect of customer loyalty to the current research on the pre-driving factors of customer loyalty. That is, from the study of the importance and important role of customer loyalty to the mechanism of





customer loyalty (Li, 2020). Taking a comprehensive view of the existing literature, scholars have mainly researched the driving of automobile customer loyalty from the perspectives of customer value, customer satisfaction, switching cost, relationship trust, brand image, brand emotion, and so on. In the meantime, the research on the driving mechanism of customer loyalty is mainly carried out from the perspective of industry attributes, to be specific, the research on tangible product loyalty and service loyalty. It focuses on the research of tangible product loyalty, but less on service loyalty. It should be pointed out that even in the research on the driving mechanism of service loyalty; scholars mainly apply the tangible product loyalty driving principle directly to the analysis of the formation of service loyalty.

In addition, scholars' research on automobile customer loyalty often involves only one or several factors of automobile customer loyalty, and the systematic research on the driving mechanism of automobile customer loyalty is less. It is also revealed that when combined with the characteristics of the automobile industry or product characteristics, there is less research on automobile customer loyalty (Jenama & Empirikal, 2017). Therefore, the research on the driving factors of automobile customer loyalty combined with the automobile industry or product characteristics system has theoretical significance and guiding significance for the automobile industry to cultivate customer loyalty (Kozlovskiy & Aydarov, 2017).

According to the literature search results, there is little consensus on the definition of customer-perceived value in the academic world (Carlini, 2020). To be exact, MacKenzie (2016) believes that the vague definition of the concept will result in the insufficient reliability of the related scale, as well as making it difficult to define the





relationship between the concept and the scale, and it will reduce the credibility of the following research hypothesis (Mackenzie et al., 2016). In recent years, empirical studies based on CPV that have been published have problems in this aspect. Due to the lack of a unified and accepted theoretical foundation, there are still contradictory results reflected in the final results of different studies (Weber et al., 2018; Azam & Yusoff, 2020).

It is acknowledged that perceived service quality and customer value could be supported as indicators of customer satisfaction (Amini, Darani, Afshani, & Amini, 2012). It may also propose that the relationships could also be critical in the Chinese automobile background. Moreover, vehicle users frequently choose the suppliers that they believe to establish transactions with, and this way could develop their satisfaction.

Confidence could be considered a crucial reason for consumers to set up and retain relationships with suppliers. Satisfaction has always been regarded as the main driver of customer loyalty. In some circumstances, although consumers feel satisfied throughout the purchasing process, they may transfer to another brand because of the low switching costs (Ghazali, Nguyen, Mutum, & Mohd-Any, 2016). For example, some elements such as the competitors may reduce the cost by cutting down the providing cost, consumers could gradually adapt to the operating system of other brands, and they feel at ease to inform other friends. As a consequence, it is proposed that CPV and customer satisfaction are significant indicators of customer loyalty in the automobile background.

Through the above analysis, it is concluded that Chinese car companies still have many deficiencies in improving customer satisfaction and loyalty, and brand





influence, such as insufficient CPV, insufficient customer perceived quality, poor operation effect of new media, and imperfect customer management, customer service awareness. Given the above analysis and problems, this research designs a model which can reflect the relationship between Chinese consumers' perceived value and automobile satisfaction and loyalty. First of all, determine the basis of the satisfaction model and the source of indicators; secondly, determine the satisfaction model. At the same time, the primary indicators affecting automobile customer satisfaction are summarized, in which the first index is customer satisfaction. According to the difference in pointing factors, each three-level index is divided into purchase satisfaction, dealer service satisfaction, delivery satisfaction, and customer loyalty.

While existing literature has explored the relationships between customer satisfaction, perceived value, and loyalty in various contexts, there is a need for empirical research that specifically examines these dynamics within the unique landscape of China's automotive industry. This study addresses this gap by providing a comprehensive analysis of how CPV dimensions and CS attributes influence customer loyalty, with a focus on their mediating effects, thereby contributing to a deeper understanding of customer behavior in this crucial market.

For this reason, this research aims to improve the loyalty of Chinese automobile consumers, and comprehensively uses the methods of literature, questionnaire, and interview to find out the main factors that affect the perceived value and satisfaction of Chinese automobile consumers. Aiming to determine the relationship between consumers' perceived value, satisfaction, and loyalty, and put forward countermeasures and suggestions to improve automobile customer loyalty.





1.4 Research Questions

This study seeks to address issues faced by Chinese automobile enterprises, which are related to the establishment of a robust customer-perceived value as well as satisfaction to affect customer loyalty. In particular, this study aims to provide answers to the following questions:

Research Question 1: What are the effects of CPV dimensions [Product Value (PV), Functional Value (FV), Hedonic Value (HV), Social Value (SV) and Financial Value (FINV)] on Customer Satisfaction (CS) attributes [Delivery Satisfaction (DS), Dealer Service Satisfaction (DSS) and Purchase Satisfaction (PS)]?



Research Question 2: What are the effects of CPV dimensions [PV, FV, HV, SV and FINV] on CL?

Research Question 3: What are the effects of CS (CS) attributes (DS, DSS and PS) on CL?

Research Question 4: Do CS attributes (DS, DSS and PS) mediate the effect of CPV dimensions [PV, FV, HV, SV and FINV] on CL?



1.5 Research Objectives

The main objective of this study is to investigate how Chinese automobile enterprises enhance CL through the significant roles of CPVs and satisfaction in the fierce market competition and retain customers, also aims to expand the range of customers and improve the competitive advantage of Chinese automobile enterprises in the local market.

Specifically, this study seeks:

1. To determine the effect of CPV dimensions [PV, FV, HV, SV and FINV] on CS attributes (DS, DSS and PS).
2. To analyse the effect of CPV dimensions [PV, FV, HV, SV and FINV] on CL.
3. To analyse the effect of CS (CS) attributes (DS, DSS and PS) on CL.
4. To determine the mediating effect of CS (CS) attributes (DS, DSS, and PS) in the effect of CPV dimensions [PV, FV, HV, SV and FINV] on CL.

1.6 Research Hypotheses

To provide the answer to Research Question 1 (RQ1) and achieve Research Objective 1 (RO1), that is the effect of CPV dimensions [PV, FV, HV, SV and FINV] on CS attributes (DS, DSS and PS), 15 hypotheses are proposed as the following:

H1a: PV has a significant effect on DS.

H1b: FV has a significant effect on DS.

H1c: HV has a significant effect on DS.

H1d: SV has a significant effect on DS.

H1e: FINV has a significant effect on DS.

H2a: PV has a significant effect on DSS.

H2b: FV has a significant effect on DSS.

H2c: HV has a significant effect on DSS.

H2d: SV has a significant effect on DSS.

H2e: FINV has a significant effect on DSS.

H3a: PV has a significant effect on PS.

H3b: FV has a significant effect on PS.

H3c: HV has a significant effect on PS.

H3d: SV has a significant effect on PS.

H3e: FINV has a significant effect on PS.

To provide answers to Research Question 2 (RQ2) and achieve Research Objective 2 (RO2) pertaining to the effect of CPV's dimensions [PV, FV, HV, SV and FINV] on CL, five hypotheses are proposed as the following:

H4a: PV has a significant effect on CL.

H4b: FV has a significant effect on CL.

H4c: HV has a significant effect on CL.

H4d: SV has a significant effect on CL.

H4e: FINV has a significant effect on CL.



To provide answers to Research Question 3 (RQ3) and achieve Research Objective 3 (RO3) pertaining to the effect of CS (CS) attributes (DS, DSS and PS) on CL, three hypotheses are proposed as the following:

H5a: DS has a significant effect on CL.

H5b: DSS has a significant effect on CL.

H5c: PS has a significant effect on CL.

To provide answers to Research Question 4 (RQ4) and achieve Research Objective 4 (RO4) pertaining to the mediating effect of CS (CS) attributes (DS, DSS and PS) in the effect of CPV dimensions (PV, FV, HV, SV, and FINV) on CL, 15 hypotheses are proposed as the following:



H6a: DS significantly mediates the effect of PV on CL.

H6b: DS significantly mediates the effect of FV on CL.

H6c: DS significantly mediates the effect of HV on CL.

H6d: DS significantly mediates the effect of SV on CL.

H6e: DS significantly mediates the effect of FINV on CL.

H7a: DSS significantly mediates the effect of PV on CL.

H7b: DSS significantly mediates the effect of FV on CL.

H7c: DSS significantly mediates the effect of HV on CL.

H7d: DSS significantly mediates the effect of SV on CL.

H7e: DSS significantly mediates the effect of FINV on CL.

H8a: PS significantly mediates the effect of PV on CL.

H8b: PS significantly mediates the effect of FV CL.



H8c: PS significantly mediates the effect of HV on CL.

H8d: PS significantly mediates the effect of SV on CL.

H8e: PS significantly mediates the effect of FINV on CL.

1.7 Conceptual Framework

In the analysis steps of CS, for the evaluation and follow-up analysis of CS, it is necessary to consider all the relevant elements, initiate in-depth optimization and have a comprehensive understanding to promote the later analysis and understanding. This kind of understanding step is complicated and in-depth. This also means that strict norms must be followed in the steps of forming a satisfaction evaluation index system.

The following principles must be observed:

First, in the construction of the model, it is important to consider the customer level, and set the most key elements as the requirements. And then it is essential to consider the relevant elements, so as to more accurately have the customers' need to be mastered and understood, which the most important standard of the index system (Han, 2019).

Second, because customers' need to continue to be transformed and improved, when creating the index system, it is essential to evaluate the customer needs, and at the same time, ensuring that all the contents of the index system can be manipulated in order to carry out post-optimization according to the needs of customers, which could



further promote the enhancement of CS. Also, the system must be optimized through various means. If a company cannot use the way to improve in a field in a short period of time, it must temporarily avoid creating an index system in this field.

Third, in order to meet the needs of follow-up planning and analysis, it is necessary to ensure that the relevant CS is resource-agglomerated and operational.

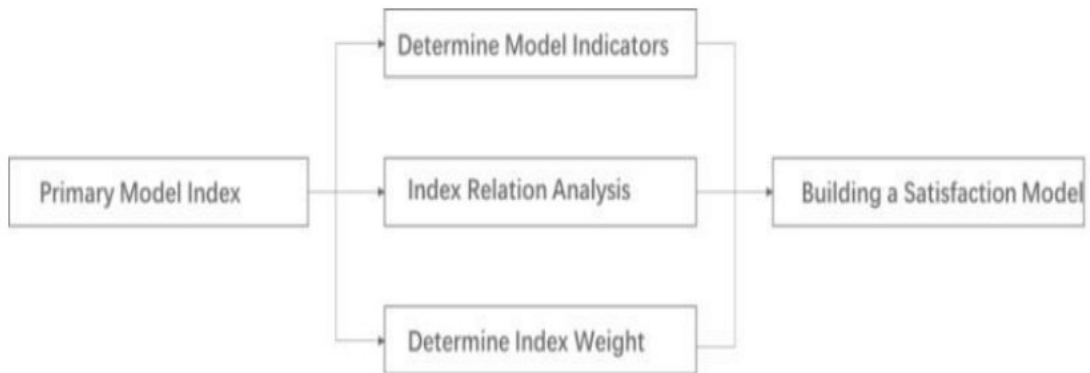
Fourth, in the formation of the index system, it is also advisable to take into account the information of competitors, and the comparison of competitors in the same industry should not be ignored.

In the process of building the customer brand satisfaction model, the following ideas should be followed: first, it is important to determine the basis of the satisfaction model and the source of indicators. Secondly, try to clarify the satisfaction elements pointed to by each index. And finally, it is decided to determine the satisfaction model (Yang, 2015). The details are shown in the following figure 1.1.



Figure 1.1

Thoughts on the Construction of CS Model



At present, in China's automobile industry, CS evaluation models are basically built on the basis of the Chinese CS index model, which focuses that CS consists of factor satisfaction, overall satisfaction and loyalty.

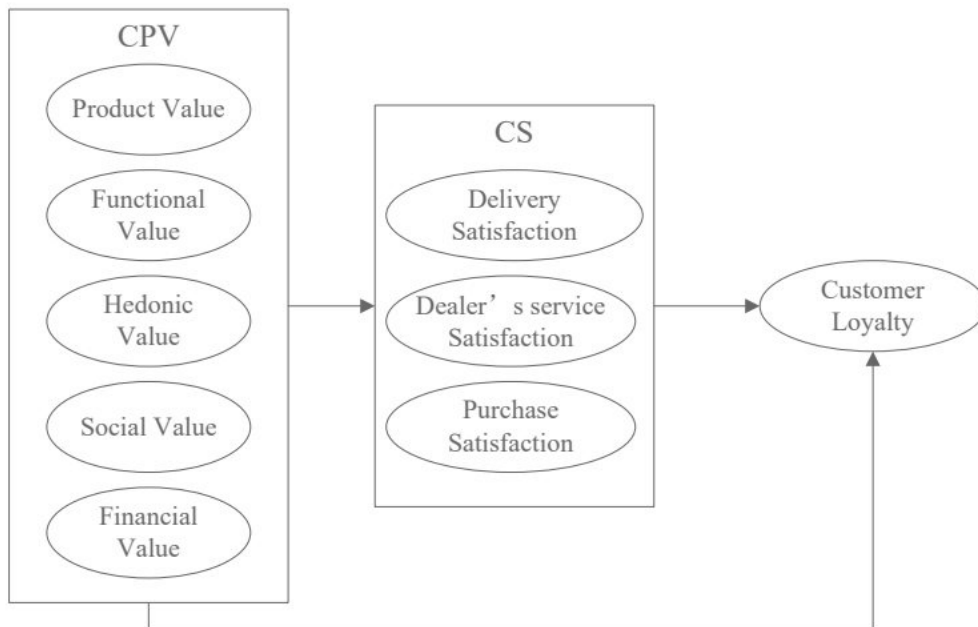
As can be seen from the previous review, different scholars have different understandings of the relationship among CPV, CS and CL. Some scholars put forward the view that "CPV is the driving factor of CL", while others believe that CPV affects CL through the intermediary variable CS, such as the service profit chain model of Heskett (1994), which points out that perceived value determines CS and CS determines CL.

In this study, the object of CPV is the attributes and performance of automobile products. In the process of using the product, the ultimate goal of the customer can be achieved, and the product will make the customer perceive the value. According to Woodruff's hierarchical model of CPV (1997), FV is the attribute value of customers. When making use decisions, customers will first consider FV, then consider the after-

sales service value of the product, and finally consider whether to meet the spiritual value of customers.

Consumer experience is one of the sources of maintaining sustainable differentiation and developing new competitive battlegrounds (Srivastava & Kaul, 2014). The proposed conceptual framework is shown in Figure 1.2. This model includes several important concepts such as CPV dimensions (product, functional, hedonic, social, and financial), CS (the satisfaction with the car upon delivery, the satisfaction with the dealer's services, and the satisfaction with the purchase), and CL. Also, the hypotheses which are proposed for the likely variables are contained in the model (Kim, Ham, Moon, Chua, & Han, 2019).

Conceptual framework





Below is a brief explanation of the major empirical works that support each relationship and path in the framework:

PV to CS

The relationship between PV and CS is supported by studies that emphasize the importance of product attributes, quality, and performance in meeting customer expectations (Zeithaml, 1988; Gronroos, 1997). When products meet or exceed these expectations, customers tend to report higher satisfaction levels.



FV, which encompasses the practical benefits and utility of a product, has been linked to CS in various empirical studies (Sweeney & Soutar, 2001). Customers who perceive high FV in a product or service are more likely to experience satisfaction due to the fulfillment of their basic needs and utilitarian expectations.

HV to CS

HV, referring to the pleasure and enjoyment derived from product usage, has been found to positively influence CS (Holbrook & Hirschman, 1982). Research indicates that





customers who find a product enjoyable or exciting are more satisfied with their purchase.

SV to CS

SV, which involves the social recognition and status associated with product ownership, contributes to CS (Sirgy, 1982). Empirical studies have shown that consumers who feel a product enhances their social image or standing are more likely to be satisfied with their purchase.



FINV, which considers the economic benefits and cost savings associated with a product, has been linked to satisfaction (Dodds et al., 1991). Customers who perceive that they are receiving good value for their money are more likely to report higher satisfaction.

CS to CL

The link between CS and loyalty is a well-established concept in marketing literature (Oliver, 1999). Satisfied customers are more likely to become repeat customers, demonstrating loyalty to the brand. This relationship is supported by empirical evidence





that shows a strong positive correlation between satisfaction and loyalty behaviors, such as repurchase intentions and positive word-of-mouth.

Mediating Role of CS

The mediating role of CS between CPV dimensions and loyalty is supported by the expectancy disconfirmation theory (Oliver, 1980), which suggests that satisfaction acts as a mediator in the relationship between expectations and consumer behavior. When expectations are met or exceeded, satisfaction intervenes to strengthen the relationship between perceived value and loyalty.



contained within the model. Each hypothesis proposes a likely positive relationship between the constructs, based on the accumulated evidence from prior research. The framework serves as a guide for understanding how different aspects of perceived value contribute to satisfaction and, ultimately, to the development of CL.





1.8 Operational Definition of Terms

1.8.1 Customer Perceived Value (CPV)

CPV is the value created and perceived by customers in their internal process during their interaction with enterprises or service providers (Bai & Liao, 2001; Eggert & Ulaga, 2013; Slack, et al., 2021). CPV is not created by the manufacturer or service provider, but by the customer in the process of value creation (El-Adly & Eid, 2016). The role of an enterprise is to support the process of customer value creation by providing customers with appropriate resource elements to interact with customer resources (Slack, et al., 2021).



1.8.1.1 Product Value (PV)

PV encompasses the intrinsic worth created by the functions, characteristics, quality, variety, and styles of cars that consumers purchase (Chen, 2016; Yao, 2019). It serves as the core of customer needs and is the principal influence on their purchasing decisions (Eggert & Ulaga, 2002). PV is the crucial determinant of the overall value in customers' purchases, shaped by their needs. It's essential to consider that these needs, and thus the components and significance of PV, may vary with the economic development phase.





1.8.1.2 Functional Value (FV)

FV is the actual service or technical benefit obtained by the user (He & Pan, 2015). Therefore, the FV of this research refers to users' subjective judgment of the degree to which the functional requirements of automobile brand and purchase service in terms of technology, performance, and economy are satisfied in the process of automobile purchase and service interaction.

1.8.1.3 Hedonic Value (HV)

HV comes from the pleasure of consumption experience (Lei & Li, 2012). Consumers with a hedonistic attitude are more likely to regard the participation process as an exploration and experience and are self-oriented (Li & Zhang, 2022). The purpose of participation is to meet psychological and spiritual needs and evaluate the results of participation on the basis of multiple senses related to the experience of participation process.

1.8.1.4 Social Value (SV)

SV refers to the commodity value determined by the socially necessary labor time (Jiao, 2008; He & Pan, 2015). SV is the basis of commodity prices and is the average value of the goods produced in a sector, which is determined by a weighted average of the individual values of the goods produced by the various producers within that sector.





1.8.1.5 Financial Value (FINV)

FINV in the context of automobile consumer finance is the extent to which consumers acknowledge the financial services offered during the car purchase process (Eggert & Ulaga, 2002; Li. & Zhang, 2022). The affordability of automobile products for consumers is influenced by their current income, anticipated income, total assets, and age. Additionally, Lei & Li (2012) found that the level of information acquisition by consumers is significantly and positively associated with their satisfaction with automobile consumer finance.

1.8.2 Customer Satisfaction (CS)



As a quantifiable index, CS reflects the satisfaction degree of consumers with the products or services sold by enterprises (Fornell, et al., 1996). CS has an effect on automobile brand trust, future purchasing potential, and mutual promotion of customers (Tuncer, et al., 2021). It is measured via 8 items based on past research (Rather et al., 2019), and the sample item is “the whole response which I got from the company is positive” etc.

1.8.2.1 Delivery Satisfaction (DS)

Overall satisfaction is the weighted summation of consumers’ satisfaction with automobile brand, appearance, performance, and other indicators in the process of





purchasing cars, and finally gets the overall measurement index that can characterize each satisfaction element (He & Pan, 2015; Hohenberg & Taylor, 2022).

1.8.2.2 Dealer Service Satisfaction (DSS)

CS encompasses experiences with dealer services pre, during, and post-automobile purchase, with a focus on work ability and attitude (Chen, 2016). Dealer service awareness has led to improving consumer satisfaction. DS, as defined by El-Adly (2019), involves the consumer's contentment with the car and dealer service at handover, aiming to meet or exceed expectations.



1.8.2.3 Purchase Satisfaction (PS)

The final matching degree between automobile consumers' purchase expectation and customer experience is the value obtained after the comparison between automobile consumers' perceived effect and expected expectation (Ajami, et al., 2018; El-Adly, 2019). Generally speaking, the PS varies due to the differences in consumer needs and expectations. In essence, consumers' PS is the satisfaction degree of their inner expectations.





1.8.3 Customer Loyalty (CL)

CL, encompassing behavior, attitude, and sustainability, is measured using three validated items reflecting action, target, and time frame (Boulding et al., 1993; Coelho & Henseler, 2012; Bhuian, et al., 2018; Hohenberg & Taylor, 2022); American CS Index (Fornell et al., 2010). The behavioral intention scale by Zeithaml et al. (1996) is also utilized, capturing loyalty through specific actions, targets, and time frames (Bell et al., 2005; Jahanshahi et al., 2011).

1.9 Research Structure



This research focuses on the analysis of the perceived value, consumer satisfaction and loyalty of automobile consumers, clarifies the key factors and main problems affecting automobile consumers, and puts forward relevant suggestions to improve consumers' automobile CL. The chapter arrangement of this research is as follows:

It evaluates and analyzes the three dimensions of consumer perceived value; consumer car PS and consumer brand loyalty, and finds the relationship between consumer perceived value and automobile brand loyalty.

Combined with the results of empirical analysis, the relationship between CS, consumers' loyalty and CPV is discussed in detail to verify the reliability of the empirical results. Then, summarizes the content of this research and puts forward the limitations and significance of this research, and also puts forward some suggestions





for future research. It summarizes and puts forward how to improve consumers' loyalty to automobile brand by improving CS, and puts forward relevant countermeasures and suggestions. From the perspective of consumer satisfaction, this research puts forward countermeasures and suggestions to improve consumers' satisfaction and loyalty, which can be used as a decision-making reference for relevant automobile manufacturers, and gives the research conclusion of this research.

Then, the research results of this research are explained and analyzed. The research results show that this study uses experience economy to explore the unique experiences of consumers, and links these experiences with CPV, CL and CS. The relationship between CPV and automobile CL and satisfaction is well interpreted and verified, namely:



1. CPV has a positive effect on the automobile CS.
2. Consumer perceived value has a positive effect on automobile CL.
3. CS has a mediating effect on the effect of CPV on CL.

1.10 Summary

This chapter first introduces that China' automobile industry faces the realistic pressure of complex and changeable international and domestic economic environment and fierce competition from rivals, as well as the increasing personalized and diversified demands of automobile consumers. Challenges and opportunities coexist, and correspondingly risks and benefits coexist. In this context, this research illustrates the





changes of consumer demand and how automobile enterprises improve CL to the brand by improving CS.

Then, it demonstrates the existing problems and deficiencies of the research on CS and loyalty, and accordingly puts forward the issues that need to be paid close attention to in this research. After that, it determines the research objectives of this research, and puts forward the contributions expected to be realized in this research. Secondly, the main concepts involved in this research, such as CS, CL are comprehensively and systematically explained. Finally, the framework and related hypotheses of this research are explained in detail.

