Exploring Factors That Influence Consumer Loyalty to Automobile Dealerships in New York

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Abstract

Customer attrition has severe effects on profitability and organizations incur high costs acquiring new customers while existing ones generates more profits. However, when an organization reduces customer quitting by 5%, it raises profits by 2-8% (Khan & Rizwan, 2014). Previous studies gave much attention to factors of customer loyalty such as product quality and customer satisfaction but none have qualitatively explored the factors relative to automobile dealerships businesses in New York City. The aim with this study was to fill the research gap. Based on Theory of Reasoned Action, the purpose of this qualitative multiple-case study was to explore some factors that influence customer loyalty towards automobile dealerships after initial purchases. Data were collected from 50 participants who have purchased, leased, or serviced automobiles from same dealership for over 60 months. Data analysis involved thematic and content analysis. The 3 emergent themes in final report related to Customer Satisfaction, Product Quality and Service Quality influences on consumers loyalty towards dealerships. Findings could result in retention programs and strategies for automobile business managers to inhibit attrition rate while alleviating the damaging effects to sales and profitability. This study is beneficial to automobile business managers, policy makers, and academics.

Keywords

automobile dealerships, competitive advantage, customer attrition, customer retention

1. Introduction

Business environment has changed markedly because of growing uncertainty and the serious problem of intensified competition. A significant characteristic of competitive environment is intensified competition evident in the degree of counteraction of competitors in struggling for consumers and new niche markets (Tarasova, Snitko, Matuzenko, Meshechkina, & Voishscheva, 2016). Competitiveness depends upon utilization of resources for superior products or services than competitor's offers (Ghosh, Kumuthadevi, & Jublee, 2016). Competitive pressure pushes business professional towards creativeness in doing something new compared with their competitors (Meutia & Ismail, 2015). In such a competitive environment, it is important for managers to make consistent, logical and strategic decisions (Kloviene & Gimzauskiene, 2014). Growth and survival of businesses in the contemporary businesses environment largely depend on how well the companies understand and relate to the dynamic and increasingly complex business environment. The ability of a company to either adapt to changes in business environment or influence the environment, determines its success in gaining competitive advantage or even survival in contemporary business environment (Mavengere, 2013).

Business practitioners achieve competitive advantage when they perform a careful value creating plan or method not simultaneously performed by competitors (Akaeze, 2016; García-Castro & Ariño, 2011; Grant & Royle, 2011). Understanding the factors which leads to customer loyalty for a particular business could be useful means for management strategies which results in competitive advantage.

1.1 Background of the Problem

Globally automobile industry is significant employing up to 49% individuals directly and indirectly and accounting for approximately five percent of world's total manufacturing employment (Chattopadhyay, 2013). In the United States, automobile industry significantly impacts the economy being a backbone of manufacturing sector (Ashamalla, Camp, & Abel, 2011). Automobile dealerships generate nearly 18 percent of all sales tax revenue with dealers reporting a total of $730 billion generated from new vehicles sold by franchised dealerships in 2013 alone (Stolze, 2015). In a competitive economy there is no warranty for business companies to survive. However, loyal customers could facilitate the survival and improvement of companies. Customer loyalty is considered a significant element that improves profitability (Mohamed, 2016).

Customer loyalty is objectively important for strategic marketing planning and represents an important basis for developing a sustainable competitive advantage (Kahreh & Kahreh, 2012). In general, customer loyalty is a favorable attitude from individuals towards repeat purchasing of a company's products over competitors (Oliver, 2010). The ability to retain customers and make them loyal is critical for continued organizational success (Mohd, Mokhtar, & Yusr, 2016). Customers may become loyal to business that can deliver superior value relative to the offerings of competitors. In return, they are willing to invest more into their relationship with the company over time, which leads to increased marketing savings for the organization as well as a higher turnover—ultimately leading to greater profit (Stan, Caemmerer, & Cattan-Jallet, 2013). Customer loyalty helps to reduce marketing costs and ensures positive word of mouth.

According to Sandada and Matibiri (2015), loyal customers perceive low risks in trying a firms new products or services and make useful suggestions to improve the service. A loyal customer is a source of competitive advantage through repeat purchase and positive word of mouth (Thomas, 2013). Specifically, customer loyalty drives customer revenue and customer retention, leading to increased customer loyalty and lifetime value (Zhang, Dixit, & Friedmann, 2010). Therefore, customer loyalty is critical to profitability and success of auto sales businesses. However, having satisfied customers no longer guarantees customer loyalty (Salegna & Fazel, 2012). To improve retention, gain and retain customer loyalty auto sales industry leaders and stakeholders need to adopt new strategies to address attrition problem. Loyal customers generate higher profit margins than new customers and retaining 2% more customers impacts a business almost as much as cutting costs by 10% (Tatikonda, 2013). Nevertheless, some manager lack the knowledge required to gain and retain customer loyalty.

Surprisingly, some organizations are not aware that their loyalty programs are not achieving customer loyalty and continue to use wrong measures for defining customer loyalty (Salegna & Fazel, 2012). Although many companies have accepted loyalty as a key strategy for survival, some managers neither understand nor effectively apply customer loyalty programs (Kahreh & Kahreh, 2012). Therefore, exploring factors that influence consumer loyalty towards automobile dealerships may result to strategies for improving business success and profitability. According to Zhang, Dixit and Friedmann (2010), customer loyalty is critical for a firm's profitability and winning customer loyalty is critical for a firm's long-term profitability. The purpose of this qualitative multiple case study was to explore factors

that influence consumer loyalty towards same automobile dealerships after initial purchases. The study focus was on consumers of Automobile products in New York City.

1.2 Problem Statement

Loyal customers generate higher profit margins than new customers with about 5% improvement in customer retention adding up to 85% to the bottom line (Tatikonda, 2013; Viljoen & Roberts-Lombard, 2016). The impact of retaining 2% more customers is almost same as cutting costs by 10% (Tatikonda, 2013). Customer loyalty is key driver of organizational success, profitability and consumer's high loyalty towards services result to additional spending from repurchases (Sandada & Matibiri, 2016). The general business problem is consumer attrition from businesses after initial purchase. Withdrawal of a dissatisfied customer for a substitute products or services is a threat to organizational success (Mandina & Karisambudzi, 2016). It cost at least five times more to get a new customer than to retain an existing one (Chokera & Dube, 2011). The specific business problem is that some consumers of automobile products in New York lack customer loyalty required to patronize same automobile dealership after the initial purchases.

1.3 Purpose Statement

The purpose of this qualitative multiple case study was to explore some factors that influence customer loyalty towards same automobile dealerships after initial purchases. Responses from a convenient sample of 50 participants in New York City using the on-line questionnaire aided collection of qualitative data. Participants were consumers of automobile products in NYC who answered questions on web site and through self-administered questionnaires. Results of this study may facilitate the knowledge to auto sales managers about best retention strategies for increased customer loyalty resulting to organizational profit.

1.4 Nature of the Study

We selected the qualitative research method for this study because data collection is detailed and rich in form of comprehensive written descriptions. A researcher can use the qualitative method to understand social situation of a person, group, or organization (Trotter, 2012). Qualitative method was appropriate for this study because qualitative method is flexible and allows open-ended questions, observation, interviews, and analyzing of documents (Hunt, 2014). In addition, researchers can use qualitative method to gain insight into issues, claims, and concerns by identifying views, opinions, and perceptions of participants (Akaeze, Shaibu, & Akaeze, 2016; Hunt, 2014). Quantitative or mixed method researches are not appropriate to study things in a natural setting or discuss the meaning things have for different people unlike qualitative research. Furthermore, quantitative and mixed methods of research usually involve studying large samples population because larger sample provide statistically more accurate results.

Case study design was appropriate for this study because of the usefulness for clarifying findings. Case studies allow the collection of in-depth detail that is not easily obtained using other research designs. Qualitative case study design is essential for finding answers to a research questions (Yin, 2011). The goal of this qualitative case study was to determine the customer factors that influence consumer loyalty towards automobile dealerships in NYC. Researchers may use qualitative case study designs rather than quantitative designs to explore how participants interprets phenomenon (Akaeze, Shaibu, & Akaeze, 2016; Saxena, Gupta, & Ruohonen, 2012). For this study the choice of multiple case designs was to improve external validity and guard against observer bias.

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1.5 Research Question

The central research question for this study is as follows: What are the factors that influence customer loyalty to auto dealership in NYC after initial purchases?

1.6 Conceptual Framework

The conceptual framework for this study is Theory of Reasoned Action (TRA) developed by Martin Fishbein and Icek Ajzen in 1967 to explain volitional behaviors (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975). Under TRA the strongest predictor of an individual volitional behavior is the individual's behavioral intention. The theory extends to conceptualization of human behavioral pattern in decision-making strategy (Otieno, Liyala, Odongo, & Abeka, 2016). Using the TRA, researchers can explain whether individual behavior is driven by behavioral intentions, where behavioral intentions are a function of an individual's attitude toward the behavior. Also behavioral intentions is the function of subjective norms surrounding performance of behaviors, and an individual's perceptions of ease with which behavior is performed (Otieno et al., 2016). Under the TRA, individual behavioral intentions are as a result of both an individual and normative influences. The individual influence on intention is the person's attitude towards performing a volitional act. Normative influence on intention is an individual's subjective norm. The primary goal of TRA is to understand and predict social behaviors (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975). The purpose of TRA includes;

- To predict and understand motivational influences on behavior that is not under the individual's volitional control.

- To identify how and where to target strategies for changing behavior.

- To explain virtually any human behavior such as why a person buys a new car, votes against a certain candidate, or absent from work.

The TRA provides a model with potential benefits for predicting the intention to perform a behavior based on an individual's attitudinal and normative beliefs (Southey, 2011). Researchers widely use TRA to interpret social behaviors at the level of individual decision making (Gordin, 1994). Using In line with TRA, consumer attitude influences consumer purchase behavior. In line with the TRA, behavior is determined by intentions, which also influence attitudes and subjective norms. There is a strong relationship between attitude and behavioral intentions (Gil-saura, Ruiz-molina, & Calderón-garcía, 2010). Loyalty refers to the disposition of consumers to shop repeatedly in a given store while brand loyalty is simply consumer response over time to favor one particular brand over other alternatives (Sirgy & Samli, 1985). Yeng and Mat (2012) associated customer loyalty with relationship between relative attitude and repeated patronage in highly competitive business environment using the TRA. For this study, the TRA is useful for analyzing attitudes, subjective norms, and perceived behavioral control, to predict intention with relatively high accuracy. Furthermore, TRA concept assumes human behavior as under voluntary control of the individual and a person's intention, when combined with perceived behavioral control help to predict behavior with greater accuracy.

1.7 Operational Definitions

Automobile dealerships. Automobile dealerships are the real estate the automotive industry uses to sell its products (Carter, 2015).

Competitive advantage. Competitive advantage is the benefit an organization has over competitors in form of a low cost provider or differentiation (Calandro, 2011).

Customer Retention. Customer Retention is the maintenance of continuous trading relationships with customers over a long term (Buttle, 2008).

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Customer Attrition. Customer attrition relates to losing a business to competitors that happens when dissatisfied customers decide to withdraw from hiring or purchasing services and products to find substitutes to satisfy needs which an organization failed to deliver (Ahmad & Buttle, 2002).

1.8 Assumptions

According to Polit and Beck (2004), assumptions are conditions assumed as truth and taken for granted by researchers in research. For this study, we assumed that participants would give honest, thoughtful, and comprehensive responses to the research questions. Additional assumption was that participants would give accurate information on their experiences. Final assumption was that sample size for this study adequately represents the population of automobile products consumers throughout NYC. The research design and methodological procedures reduced effect of these potential problems.

1.9 Limitations

External conditions restrictive to scope of a study with the possibility to influence outcome are limitations. Researchers may use limitations and delimitations for identifying inherent weaknesses with potential to affect transferability of study outcomes (Bloomberg & Volpe, 2012). For this study, location was a limitation to the convenient sample and results may not generalize to other populations. The Location of NYC is heterogeneous by nature with different types of subpopulations densities and results may not apply to homogeneous population. Nevertheless, focus of qualitative researches is to understand events rather than generalize results (Kolb, 2012; Mistarihi, Al Refai, Al Qaid, & Qeed, 2012).

Additional limitation is that participants may have relied on memory recollections and participant's knowledge is perceived as truthful. Data collection for this study was limited to responses from questionnaires and triangulation of information using other means like field notes or follow up questions was difficult. Finally, information collected from participants lacked detail because questionnaire consisted of closed questions. Responses were fixed with less scope for respondents to supply answers which reflected true feelings on research topic. We addressed the limitation, through rich, thick description and analysis. Study limitations were mitigated through rich, thick description and analysis.

1.10 Delimitations

Delimitations include the use of questionnaires consisting of closed ended question to collect data from up to 50 consumers of entertainment products about their understandings of product piracy.

1.11 Significance of the Study

1.11.1 Value of Study to Business

First time sales are expensive and time-consuming, requiring activities such as advertising, promotion, calls, contacts, demonstrations, and training. Gaining new customers cost nearly 10 times as much as sustaining existing ones (Tatikonda, 2013). Customer retention is a critical issue at auto dealerships (Ishiguro & Amasaka, 2012). Customer loyalty is a significant competitive tool which reduces marketing costs and ensures positive word of mouth (Sandada & Matibiri, 2015). According to Lewis (2004), loyalty programs are critical in enhancing customer loyalty and require business managers to devise mechanisms that enforce and sustain customer loyalty.

However, some auto business managers lack effective loyalty program required to gain customer loyalty leading to profitable business. Lewis (2004) suggested that effective program that increases customer loyalty is structured to influence customer view of purchases as a sequence of related decisions not separate and independent transactions. Few management studies on customer loyalty relative to auto dealership business exist. By exploring the factors which influence consumer loyalty to some dealerships

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may reveal effective strategies for auto sales business professionals need to improve profitability within competitive market. Information from this study may facilitate increase in success, sustenance, and profitability of auto dealership businesses.

1.11.2 Contribution to Business Practice

Rationality for some business failures is competition (Hemphill & Perry, 2012). Business managers must seek means to gain competitive edge in order to remain in business and make profits. Therefore, exploring factors that influence consumer loyalty towards same automobile dealerships is critical to determine strategies which auto business managers require for effective retention programs. The findings and recommendations might serve as the basis for auto business managers to improve products, process, services and customer satisfaction. Results could guide auto business managers who are struggling with customer retention to improve strategies and practices. The result could provide a practical guide for auto business managers to change practices and improve business strategies to customer attrition.

1.11.3 Implications for Social Change

If a company reduces the customer quitting by 5%, it raises its profits by 2-8% (Khan & Rizwan, 2014). Information acquired from understanding consumer perspectives on factors that influences loyalty towards products, services or brands may facilitate management success in inhibiting customer attrition rate. Knowledge gained from this study may also serve as a guide for auto dealership managers to curb customer attrition, improve profitability, customer retention strategies and programs for success. Positive social change may result from improvement in the success rate and profitability of auto dealership through effective process, increase in jobs, sales revenue, and sustenance. Jobs, families, and communities are affected by businesses in decline (Boyd, 2011). Successful, sustainable, and profitable auto dealership businesses result in reduction of unemployment rate, benefit employees, their families, other businesses, and communities.

1.12 A Review of the Professional and Academic Literature

In the age of intense competition and heightened customer expectations, cutting on defection and building bonds of long lasting loyalty with customers seem to be the only means of sustained profitability and growth (Kumar & Srivastava, 2013). The intense business competition particularly in auto sales sector requires managers to become innovative towards adoption of new strategies for success and profitability. Intensive competitiveness in terms of both quantity and quality makes it extremely difficult for a firm to differentiate itself from its competitors (Vu & Huan, 2016). Customer satisfaction is no longer guarantee of business success (Kumar & Srivastava, 2013). Therefore, intangible assets such as brands, and customer satisfaction, might become the critical sources of sustainable competitive advantages (Chien & Tsai, 2012).

Customer loyalty is a significant competitive edge in business environment, where companies encounter limitless challenges from their competitors (Pan, Sheng, & Xie, 2012). Customer attrition has severe effects on profitability and organizations incur heavy costs acquiring new customers while existing ones generates more profits (Karam, da Silva, Schmidt, Teixeira, & Carneiro, 2009). It is more expensive for organizations to acquire new customers than retain existing ones. In fact, acquiring new customers may cost five times more than retain existing ones while repeat customers may generate over twice as much gross income as new customers (Cunningham, Il-Yeol, Song, & Chen, 2006). The goal of this study was to explore some factors that influence consumer loyalty towards same automobile dealerships after initial purchases.

1.12.1 Customer Retention Strategies

While acquiring new customers is a hard and expensive process, holding on to existing customers is a relatively easy and inexpensive one (Krom, 2015). Customer Retention (CR) is the maintenance of continuous trading relationships with customers over a long term (Buttle, 2008). Customer retention is a key factor for competitive success and is closely tied to quality and customer satisfaction (Evans & Lindsay, 1999). The CR holds both economic and non-economic benefits for an organization (Mandina & Karisambudzi, 2016). According to Ruchi (2014), effective CR begins with knowledge. Most companies have a customer acquisition strategy, but only a few have a customer retention strategy (Drege, 1991). Consequently, organizations are continuously looking to build and maintain customer retention systems. As a result many commercial organizations seek strategies to retain customers and recover lost customers. Surujlal and Dhurup (2012) suggested that only meaningful strategies place highest priorities on building long term relationships with existing customers. Some customer retention strategies that benefits organizations includes, targeting customer for retention, bonding, internal marketing, promise fulfillment, service recovery and building trust, however for the purpose of this study the authors focused on service recovery and promise fulfillment (Jobber, 2010; Mandina & Karisambudzi, 2016).

Customer retention strategies if well executed results in successful retention of customers as customers who want efficient programs and fulfilled promises (Mandina & Karisambudzi, 2016). Customers have more customized expectations and want to be reached as individuals (Raymond & Tanner, 1994). In addition, an exorbitant search for new business is costly (Carter, 2010). The cost to cultivate new customers is more than retaining existing customers (Cathcart, 1990). Customer retention is crucial because some unhappy customers may never buy again from a firm they are not pleased with and may speak about their displeasure to other individuals. Dissatisfied customers may express their displeasure and without notice stop doing business with an organization, thereby keeping the organization unaware of any problem in a while (Cathcart, 1990). Customer retention is a critical issue at auto dealerships (Ishiguro & Amasaka, 2012). Current auto dealership retention strategies include;

- Through service—great service experiences result in satisfied, loyal customers. In the past, dealers overlooked the importance of service, which created an opportunity for competition when customers went elsewhere for service after first visit resulting to lost opportunity. A single great experience which dealers deliver to customers may lead to continuous traffic into the showroom and improved sales.

- Complimentary maintenance plan—Auto dealerships offer complimentary maintenance plan to help eliminate competition by securing customer service intentions before customers leave the dealership. Auto sales managers may use complementary maintenance plans to reduce time and money spent chasing lost opportunities.

1.12.2 Customer Attrition

Mandina and Karisambudzi (2016) suggested that customer attrition occurs when consumers leave a particular business for competitors with similar products or services. Customer attrition relates to losing a business to competitors which occurs when a dissatisfied customer withdraw from hiring or purchasing services and products while finding substitutes to satisfy needs an organization failed to deliver (Ahmad & Buttle, 2002). Customer attrition is a threat and retaining customers is an opportunity (Pei-Yu & Hitt, 2002; Reichheld & Earl Sasser, 1990). Attrition occurs as a result of a series of events including stages of customer management cycle including before acquisition. Customer attrition is caused by a variety of factors which include things we cannot control (Stone & Liyanearachchi, 2007). Significant increases in attrition rates, or migration to inactive status can cause significant changes to revenues and profits if not

addressed quickly (Hansotia, 2002). If a given brand loses high value customers at a rate higher than 10 per cent, new customer acquisition will not keep up with high value customer attrition, leading to a gradual erosion of overall customer base profitability (Banasiewicz, 2004). Very few companies have focused efforts directly on stemming attrition rates (Hansotia, 2002). Customer attrition has severe effects on profitability because organizations incur heavy costs in acquiring new customers while existing customers generates profits than new ones (Karam, 2009).

1.12.3 Price Strategy

Product pricing is an important strategic decision and firms must evaluate prices they charge for their products against a price which market will accept as an appropriate value of their products. An important consideration in pricing is the quality of product relative to competing products (Jackson & Narasimhan, 2010). Factors that come into play to determine price specifically includes customers, costs and competition (Stefko, Gburová, & Jurková, 2011). When a product or service is higher in quality than competition offers, a firm may decide to charge a higher price than its competitor,s price, reflecting premium price for the higher quality. The high-quality, high-price strategy is one way of leveraging high product quality to realize superior profits (Jackson & Narasimhan, 2010). A reason for adopting a quality-based pricing strategy is that higher quality products provide consumers with more value when compared with lower quality products.

Additional reason is that consumers may associate higher quality with higher price. Consumers equate higher price products with higher quality products for non-durable goods (Jackson & Narasimhan, 2010). Some of the most used price strategies are main competition pricing strategy, promotional pricing strategy and discount pricing strategy (Stefko, Gburová, & Jurková, 2011). The optimal pricing strategy for durable goods, where consumers may collect quality information about the product as units diffuse into the market, should be a high quality-high price strategy or a high quality-low price strategy (Jackson & Narasimhan, 2010). However, as products become more substitutable, the gap between optimal retail prices becomes smaller under a variable pricing strategy (Tang & Yin, 2007).

1.12.4 Purchase Intention

Purchase intention is an individual's deliberate effort towards purchasing a brand (Gupta, Kishore, & Verma, 2015). In simple term, purchase intention is the prospect of a consumer purchasing a product or services (Schiffman & Kanuk, 2004). In the current global economy competition is intense and cost of gaining new customers is significantly higher over a period (Kuo, Hu, & Yang, 2013). Therefore, some product and service providers are concerned about finding useful means to retain their customers. Purchase intention is a key indicator for predicting consumption behavior (Keller, 2001). Purchase intention is a component of consumer behavior relative to how an individual intends to buy a specific brand (Kwek, Tan, & Lau, 2010). Some customers make purchases because of constraints instead of real preference and customer intention could provide better measurement of such customer,s mind than behavior (Day, 1969). According to Wu, Lee and Tsai (2014), consumer purchase intention is subject to perceived quality, value, objective price and commodity attribute. When perceived value is higher, the purchase intention is equally higher.

In general, perceived value has a positive impact on purchase intention while purchase intention is generated on the basis of consumer's perceived value of price promotion or overall service (Monroe, 1990; Zeithaml, 1988).

Repeat purchase intention occurs when consumers initiate effort to purchase same brand, product or services again (Goh, Jiang, Abdul, Hak, & Tee, 2016). The possibility that a consumer will repeat purchases is dependent on the interaction between consumers need, judgment and opinions of, brand,

product or service providers. In fact, loyalty and repeat purchase intentions are similar with repeat purchasing as an outcome of action loyalty (Zboja & Voorhees, 2006). Reichheld and Sasser (1990) suggested that repeat purchases are significant for diving profitability of a firm. Consumers are simply willing to repurchase same brand, product, or service if they had a good experience the first time or their expectations level were met. Repeat purchase intention serves as antecedents or predictor for actual purchase behavior (Fisk, Patricio, Lin, & Liang, 2011; Kuo et al., 2013). Repeat purchasers are profitable to organizations because they are loyal, willing to pay premium prices, are able to comprehend information easily and could act as agent to promote brand, product or services. Loyal customers are vital to build a sustainable brand (Goh et al., 2016).

1.12.5 Brand Loyalty

Loyalty is the disposition of consumers to shop repeatedly in a given store (Sirgy & Samli, 1985). Firms can make higher profit from loyal customers who are usually less price sensitive. The most significant feature of a strong brand is a loyal mass of consumers (Krom, 2015). Brand loyalty is a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, causing repetitive same brand or same brand-set purchasing, despite situational influences or marketing efforts (Oliver, 1999; Taghi & Bakhsh, 2015). Brand loyalty involves the inclination of some consumers to continue purchasing or patronage of same brand rather than competing brands. It is a fundamental concept that managers consider as an asset to their firm for increasing pricing flexibility (Wernerfelt, 1991).

According to Sirgy and Samli (1985), store loyalty is probably the foremost concept for a retailer. High brand loyalty means a high market share and consistent revenue obtainable through repetitive purchases. A brand with high brand loyalty can constitute an obstacle for new products in the market and may hinder increased competition. Brand loyalty is explained as a consumer response over time to favor one particular brand over other alternatives (Sirgy & Samli, 1985). Brand loyalty has a direct link with purchase intention (Macintosh & Lockshin, 1997). Krom (2015) suggested that customers with brand loyalty are those consumers who are loyal to the brand, think that rival products or services do not provide them same satisfactions as chosen brand and therefore constantly purchase the brand. Such consumers bring the highest income to a firm and managers should preserve and widen this set (Krom, 2015).

If some consumers are not pleased with product or offers, then their brand loyalty will not develop and may switch loyalty to new alternatives. Some important strategic benefits of brand loyalty to firms includes, gaining high market share and new customers, supporting brand extensions, reducing marketing costs, and strengthening brand against competitive threats (Alhaddad, 2015). Other strategic benefits are value, bring in new potential faithful consumers, and benefit in global marketplace (Mao, 2010). Literature review reveals brand loyalty as behavioral loyalty and attitudinal loyalty (Dick & Basu, 1994). The behavioral loyalty approach puts significant emphasis on results than on motivations for brand patronages or purchases (Jacoby & Kyner, 1973). In contrast, attitudinal loyalty emphasizes psychological interpretation of the reasons for brand loyalty (Aaker, 1996).

The presence of behavioral loyalty, in the absence of attitudinal loyalty is termed as spurious loyalty (Maity & Gupta, 2016). Spurious loyalty may result from factors such as convenience or non-availability of alternatives (Hawkins & Vel, 2013). Subsequently, customers may switch to alternatives depending on availability. Also, latent loyalty is the presence of attitudinal loyalty, in the absence of behavioral loyalty. Under latent loyalty, the consumers may significantly value a brand, but does not purchase the brand. Behavioral loyalty and attitudinal loyalty are required for true loyalty to exist (Dick & Basu, 1994).

The focus by business managers on one and not on the other type of loyalty may result in short-term success for a brand, or may result in loss of growth opportunities (Maity & Gupta, 2016). Therefore, business managers must focus on both types of loyalties (Maity & Gupta, 2016).

2. Method

2.1 Research Method

Qualitative research is concerned with understanding human behavior from the actor's own frame of reference (Alami, 2015). We selected qualitative method because qualitative research gives us a philosophical base, a rationale, and a set of techniques for examining the known phenomenon of study. Qualitative studies are valuable for understanding social dynamics and businesses with focus on their traditions, principles, ethics, values, and philosophies, as well as behavioral patterns (Bloor, Sampson, Baker, & Dahlgren, 2013). Furthermore, the study sample is relatively small and not a random selection which align with case studies. Researchers may use case designs thorough to investigate dynamic, experiential, complex processes and subjects (Vissak, 2010). Researchers may generalize in single-case and multiple-case studies that apply to fundamental principles rather than to populations (Akaeze & Akaeze, 2016; Halaweh, 2012). Qualitative case study approach enabled us to describe how participants understood the issue of attrition and customer loyalty. Therefore, in this study to ensure an in-depth analysis, we used the qualitative case-study method. The central research question is a "What" question which is a rationale for exploratory studies (Yin, 2009). We chose multiple-case-study design to facilitate an understanding of real-life contemporary phenomenon in context (Ritvala & Salmi, 2011).

2.2 Data Collection

Copland, Garton and Richards (2010) suggested that questionnaire is an instrument designed to collect data by means of analyzing responses to a number of questions. Questionnaires are most convenient and inexpensive means to collect responses from participants over a large geographical area (Hunter, 2012). Advantages of qualitative questionnaires include flexibility and possibility of wording in diverse ways. This study questionnaire was designed in a way that participants had freedom to respond without any influence or clues from the interviewer. Questions were open and closed ended to allow participants give either positive or negative feedback. Data collection in the form of open and closed ended is valuable when researchers seek the understanding of participant's perspective about any subject. The questionnaire sought quantitative information through closed-format questions amendable to statistical analysis, and qualitative information in form of open format questions to explore areas of uncertainty (Haywood, Garratt, Carrivick, Mangnall, & Skevington, 2009).

2.3 Data Collection Technique

The closed questionnaire was designed to answer central research questions relating to seven major factors that influence consumer loyalty towards products and services. Closed questions require that participants provide a very specific response to a given question (Alami, 2015). Factors which influence customer loyalty towards a dealership includes Convenience, Product quality, Service quality, Personal Relationships/Customer Intention to Switch Brands, Price/Reward strategy, Customer Satisfaction, and Reputation (Khuong & Dai, 2016; Rahman & Abdul, 2014; Xu, Blankson, & Prybutok, 2017). Harris and Brown (2010) suggested the use of questionnaires by researchers to saves some time. Closed ended questions for this questionnaire were constructed for answers which fit into predetermined groupings that were decided in advance study. Standardized questionnaire facilitates study replication by researchers for establishing consistency and to check for reliability without difficulty. All participants were asked the same questions in the same order. Standardized closed

questions aided ordinal data that we grouped with a rating scale to determine the magnitude of participant's loyalty.

2.4 Data Analysis Technique

Thematic and content analysis are suitable for researchers who need relatively low level of interpretation (Griffiths, 2016). Researchers are able to analyze data qualitatively and quantitatively using content analysis. Thematic analysis is a qualitative analytic method for identifying, analyzing and reporting patterns (themes) within data (Braun & Clarke, 2006). Thematic analysis of data can enabled themes, to emerge from the data (Griffiths, 2016). Verbatim quotes can illustrate respondents' answers to any closed questions in a questionnaire (Griffiths, 2016). Nvivo trademarks software, a qualitative program for data analysis, expedites thematic coding and categorization of the data collection during the analysis stage (Bergin, 2011). Nvivo trademarks software program facilitated the search and identification for themes within data collection. Descriptive statistics were computed for closed-format questions. Exploratory content analysis guided the extraction of qualitative themes for the open-ended questions (Haywood et al., 2009).

2.5 Reliability and Validity

The standards of qualitative research should be trustworthiness, instead of internal and external reliability and validity (Gheondea-Eladi, 2014). Trustworthiness is measured as credibility, transferability, dependability and confirmability (Guba & Lincoln, 1994). Proving reliability and establishing trust in researcher's judgment in interpretations of phenomenon under study is significantly challenging in qualitative research (Whiting & Sines, 2012). Houghton, Casey, Shaw and Murphy (2013) suggested credibility, dependability, confirmability and transferability as standards for establishing rigors of research in a qualitative study. To enhance credibility of the study, we triangulated through the use of multiple analysts. We also maintained an audit trail to enhance credibility of the study. To enhance dependability and transferability, we detailed original situation and methods of this research through thick description to allow other researchers reach informed decisions (Houghton et al., 2013). To enhance confirmability of this study, we used audit trail to demonstrate how decisions were made to reach conclusions throughout the study. We addressed all study problems through our choice of research method, design and interpreting data to eliminate the risks. Research questionnaire was validated using two methods interviewing the interviewer method and expert validation. Interviewing the interview involved us going through the questionnaire while interchanging roles as participants and inquirer (Akaeze & Akaeze, 2016). Expert validation involved using the views of experienced auto dealership business professionals who understand the topic after reading through the questionnaire for updates.

2.6 Instrument

Participants were asked to rate distinct elements of customer loyalty such as service quality, product quality, price strategy and satisfactions relative to the customers' perceptions based on 5-point scales ranging from 1 strongly disagree, 2 disagree, 3 slightly agree, 4 agree and 5 strongly agree.

2.7 Pre-Test Study

We used a pre-test study with five respondents from two different auto dealership service departments who met our selection criteria. In conducting the pre-test study, we found some mistakes and disarrays which were revised. After revision we distributed a total of 200 questionnaires for walk-in consumers and online to NYC automobile consumers using convenience sampling method. Dennis (2003) suggested an average response rate of up to 30%. For this study we used expected response rate of approximately 25% (Townsend, 2010).

For the number of individuals to distribute questionnaire based on expected response rate, we used:

Number of respondents needed x 100 Expected % response rate.

2.8 Sample Size

A total number of 50 sample size, of which 46 questionnaires were received. We found two errors and incomplete answered questionnaire by respondents. Upon completion of in depth examination of the questionnaires, 42 questionnaires were valid for data analysis, representing a success rate of 91% (Table 1) which we considered skillfully in view of time, certainty, cost and geographical constraints. Nevertheless, to complete the number of responses, we self-administered same questionnaire to customers at a NYC local dealership and obtained six additional responses to complete 50 required for analysis.

Table 1. Respondents' Response rate

Description Number of respondents
Sample size 50
Return questionnaires 46
Total useable questionnaires 42
Incomplete or unusable questionnaires 4
success rate 91

3. Result

3.1 Findings and Discussion of Study

We identified three major factors which influence consumer's loyalty towards auto dealership firms in NYC. The three critical factors which participants in NYC identified as responsible for customer loyalty towards auto dealership business included (a) Customer Satisfaction (CS), (b) Product Quality (PQ), and (c) Service Quality (SQ). Data analysis aligned with TRA which was the conceptual framework for this study. Data analysis involved identifying and evaluating themes related to Customer loyalty such as Trustworthiness, Satisfaction, Price, Rewards, Reputation, Product and personal relationship.

3.2 Presentation of Findings

The TRA is applicable to conceptualize brand loyalty. In line with TRA, preceding purchasing of any brand are attitudes towards the purchase and subjective norm. The prediction and measurement of brand loyalty will be more stable over time and accurate when antecedents of purchase behavior are integrated to predict and measure brand loyalty (Lyong, 1998). The research question was further broken into 14 open and closed ended interview questions about customer loyalty towards automobile dealership businesses. Concept of TRA advances the explanation on factors of human behaviors which influence consumption of products or services. Analysis of data from questionnaire responses indicated 14 themes, classed within seven categories. The seven major themes morphed into three factors with significant influences on consumer loyalty behavior to auto dealerships including Customer Satisfaction, Product Quality and Service Quality.

3.3 Summary of Themes

This result supports Sreenivasulu and Rajasekhar (2014) who posited that customer satisfaction is a strong predictor of customer retention, customer loyalty and product repurchase critical to any product or service company. Customer Satisfaction could positively influence customer loyalty (Calvo-Porral & Lévy-Mangin, 2015). Higher Customer Satisfaction could establish higher switching barriers (e.g., organizational credibility and relational values) and later, enhance customer loyalty (Rani & Kannan,

2015). Customer satisfaction secures future revenues, reduces future transactions costs, decreases price elasticity, and minimizes the likelihood of customers defecting if quality falters (Rahim, Uche, & Adeoti, 2012). Customer Satisfaction is important for a firm because it could potentially enhance the firm's competitive advantages in terms of financial stability, customer retention, word of mouth, and re-purchase intention (Hassan, Thurasamy, & Loi, 2017). A satisfied customer would tend to recommend the firm to others and would not easily switch to other substitute firms.

Many studies have demonstrated that customer satisfaction is one of the most popular determinants of customer loyalty (Flint, Blocker, & Boutin, 2011; Gillani & Awan, 2014; Hall, 2011; Mittal & Kamakura, 2001; Mithas, Krishnan, & Fornell, 2005; Tsai, Tsai, & Chang, 2010; Vu & Huan, 2016). According to Chandio, Qureshi and Ahmed (2015) perceived quality (service and products) has a positive effect in loyalty of customers. According to Chandio, Qureshi and Ahmed (2015) perceived quality has a positive effect in loyalty of customers. Quality wise perception created in minds that help them in creating satisfaction level to increase which then lead the consumers to brand loyalty (Chandio, Qureshi, & Ahmed, 2015). There is a major effect of service quality on the loyalty of customer (Bolton & Drew, 1991). Product quality is a significant factor in building brand loyalty because consumers are becoming sophisticated with higher level of awareness. Customer satisfaction is directly linked with brand loyalty building process while product quality is a base for customer satisfaction (Ferencic & Wölfling, 2015). In the long term, creating brand loyalty is not possible if the product quality does not meet the required standard.

4. Discussion

4.1 Recommendations for Action

Findings from the study indicated that in the case of auto businesses customers who are satisfied with the process, products and services are likely to become loyal to a dealership. It is important for auto dealerships management to shift focus of their sales and marketing activities from attracting new customers to keeping existing customers. Customer loyalty programs by dealerships management must involve work to boost customer satisfaction through products and services offers that loyal customers want (Okutomi & Amasaka, 2013). Products directed towards addressing auto consumers lifestyle, economic situation, occupation, age, personality and self-concept may improve customer loyalty to an automobile brand and dealerships. Auto dealership managers may also refine their customer loyalty programs to include efficient service department with personalized quality after sales services.

Automobile manufacturers must understand that customer satisfaction with dealerships increases customer loyalty toward a brand. To improve auto dealership competitive advantages, dealerships management and manufacturers may increase collaboration on designs for better customer satisfaction. Addressing customers' special needs promotes product quality leading to greater satisfaction, which in turn increases customers' brand loyalty (Xu, Blankson, & Prybutok, 2017). The business goal of automobile manufacturers and dealerships have same goal to improve customer satisfaction using the service from dealerships and the product from manufacturers to increase customer loyalty toward the brand. When auto dealerships, integrate closely with automobile manufacturer, it facilitates sales of differentiated products which satisfy target customers and increases chances for future purchasing of same brand (Xu, Blankson, & Prybutok, 2017).

4.2 Recommendations for Further Study

Quantitative studies may expose a different perspective to the significance of factors which influence consumer loyalty to automobile brands, products and dealerships. Further research may be carried out using large study sample from locations outside NYC. A valuable recommendation for further study is to explore how factors such as culture and religion influence consumer loyalty to automobile dealership.

4.3 Study Conclusions

In the age of competition, it is incumbent on business managers to seek means to gain competitive advantage required to stay in business and be profitable. A problem of automobile sales business sector in U.S. includes customer attrition after the first purchase which results in loss of sale and revenue. Customer satisfaction is no longer guarantee of business success (Kumar & Srivastava, 2013). Data collection had seven emergent themes which morphed into four major categories (a) Customer Satisfaction, (b) Product Quality, (c) Service Quality, and (d) Price and reward strategy. Responses from participants indicated that Customer Satisfaction was key factor which influences customer loyalty towards an automobile dealership after initial purchases.

Automobile products and services directed at satisfying consumer personal needs, lifestyles and economy influences loyalty towards dealerships that could result into competitive advantages leading to improved sales and revenue for sustenance. Participants suggested that customer satisfaction significantly influences attrition, retention and loyalty to auto dealerships businesses in NYC. Quality and reliability of auto products also significantly influences customer loyalty behaviors towards a brand and the affiliate dealerships. Product and service differentiation strategies leads to the quality critical for competitive pricing, and sustainable success. Participants provided insights into critical factors of customer loyalty which auto dealership managers may address for competitive advantages and business success. Study of customer loyalty is a significant for competitive edge within business environments where companies encounter limitless challenges from their competitors. Findings could provide automobile business managers with practical guide for strategies required to change process, improve retention programs using quality products and services to promote sustenance.

4.4 Literature Gaps

Customer Loyalty is theoretically and empirically linked to business performance (Belás & Gabcová, 2016; Smith & Wright, 2004). Customer loyalty effects relation between product quality and financial performance while serving as a measure of competitive performance which complements and confirms financial measures (Smith & Wright, 2004). Dynamic nature of intense competition results in a need to craft innovative mechanisms which enforce customer loyalty. Such mechanism includes customer loyalty program involving well-coordinated and membership based marketing strategy, designed to provide incentives to customers to encourage continued relationship and secured loyalty (Sandada & Matibiri, 2015). Few studies exist on factors of customer loyalty relative to automobile dealerships. Furthermore, of the existing studies there are more quantitative than qualitative research on factors of customer loyalty to automobile dealerships. Among existing qualitative studies none answers the question on factors that influence customer loyalty to automobile dealerships after initial purchases in NYC.

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