

# Perceived product quality and customer satisfaction marketing essay



## Introduction

As one of the largest car manufacturer in Malaysia we have launch the new proton model Prevé, among all the industry players Proton Holdings Bhd is optimistic of increasing its market share to 29% in the financial year ending March 31(FY10)[1], as current market competitive environment in Malaysia and the recent pressures by ASEAN Free Trade Area (AFTA) we will soon be moving forward to a liberalization of car market, to follow “ The Proton Way” ideology of quality, customer focus, innovation, teamwork, speed and caring[2]our brand and products need to be more competitive for us to become one of the best global automotive company. However, in such competition environments we need to prepare a market research on pricing, branding, differentiation and marketing strategies to increase our sales in next quarter.

The main objective of this research is to focus on our brand to determine its effects on consumers’ purchasing intention and to grow our sales in the next quarter and rebuild our business with aggressive branding and marketing strategies. The result of this research delivers understanding on the relationship among 4 main variables including:-

Perceived Product Quality

Brand Trust

Brand Loyalty

Consumer Satisfaction

We can benchmark the resulting framework developed from this research to evaluate our brand PROTON's to improve on our sales strategy

## **Problem Statement**

Over the past few decades, Proton has been heavily dependent on government protection to secure and protect its market position (Abdullah, 2006). Because of the government imposes the imported foreign cars taxes from 140% to 300% we still be able to catch up the competition with a lower price, but the coming future we might not be able to catch up because there will be some change of the government policies for example AFTA giving pressure to Malaysia government to reduce taxes on automobile or the related product import taxes from other ASEAN member. The major competitive advantage of PROTON is low price; this will put us into the increased competitive market to competing with lower pricing on other brand economic range cars. However, our brand quality and performance in the market feedback are not complete with other foreign brand manufactures.

In order to survive or remain competitive in the future automotive industry in Malaysia, it was apparent that we must compete besides price. Branding strategy that is strong, unique, and sustainable to be integrated with our existing product line may be required. With the anticipated price drop by competitors in future, our current branding strategy of economic brand may not be able to remain competitive in the industry. Therefore, we conclude that we need a new branding, positioning and marketing strategy which can directly or indirectly improve its competitive position in the industry in future and in long run.

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To achieve the objective we require identifying a new and unique branding strategy that is different with other competitors. It is important for us to understand consumer behavior to improve marketing decisions and to identify emerging trends in consumer marketplace. This research will help examines and outlines the effects on consumer behavior.

## **Objectives of the research**

The main objective of this research is to develop a framework that provides understanding on how our branding can indirectly affect the consumers to purchase. This research involves 6 variables, including brand heritage, perceived product quality, customer satisfaction, brand trust, brand loyalty and purchase intention. This research aims to depict the relationship among these variables

### **Specific objective**

To investigate the relationship between perceived product quality and customer satisfaction

To investigate the relationship between customer satisfaction and brand trust

To investigate the relationship between customer satisfaction and brand loyalty

To investigate the relationship between brand trust and brand loyalty

## **Research Question**

Does perceived product quality affect customer satisfaction?

Does customer satisfaction affect brand trust?

Does customer satisfaction affect brand loyalty?

Does brand trust affect brand loyalty?

## **Significance of the study**

This study provides a basis for us to assess the impact of our branding on purchase intention of consumers. We can benchmark the framework resulted from this study to identify areas of improvement for better branding strategy and better consumer retention. This will also allow us to evaluate the performance of our branding strategy. The information collected for this study provides meaningful insight on consumer behaviors for PROTON to better fulfill our needs and wants

## **Approach to the problem**

### **Literature review**

We reviewed past literatures to identify variables that may have direct or indirect relationship with the dependent variable purchase intention. These variables are derived from past studies, journal articles and researches that had proved their existences and impacts on purchase intention

### **Review of the literature**

Perceived Product Quality

Brand Trust

Brand Loyalty

## Consumer Satisfaction

### **Research design**

Zikmund (2003) states that research design is a master plan that outlines the methods, procedures and processes used to collect and analyze the needed information. This study is a descriptive study which describes the market phenomenon and consumer behaviors in Perak, Malaysia. It aims to identify and explain the relationship between brand heritage and repurchase decision of consumers towards PROTON's automobile. The factors include perceived product quality, customer satisfaction, brand trust, and brand loyalty.

### **Fieldwork/data collection**

#### **Sampling method – Simple Random Sampling**

Black (1999), Salkind (2005), Washietl, Hofacker and Stadler (2004), and Weiner (2007) state that simple random sampling is the fairest sampling technique that provides equal opportunity for each element in the population to be invited to the research. Therefore, the resulting samples are representative of the population. However, the major challenge of simple random sampling is the difficulty in obtaining the complete population list. Since we managed to obtain the complete customer list of PROTON's car owners in Perak state from year 2008 to year 2011, we employ the simple random sampling technique to ensure that the quality of our respondent is high enough to represent the whole target population.

#### Target Population Sampling Frame and Sampling Elements

The list consists of total 6, 533 elements, which are our target population and sampling frame. They are all owners of PROTON automobile in Perak who have their products purchased between year 2008 and year 2011. The list contains the contact information of these owners including phone numbers, home addresses and email addresses. The information regarding these owners will be kept private and confidential.

### Sample Size

Chiu and Brennan (1990) state that a follow-up incentive such as postcard, letter or small gift may increase survey response rate by approximately 15% to 30%. Since we expect the response rate to be less than 20% due to lack of any follow-up incentive, we purposely set the sample size to be 2, 500. The study of Comrey and Lee (1992) suggests that a good marketing research should have at least 300 respondents for the data to be considered fair, acceptable and representative. The complete customer list we obtained was coded into SPSS 20. 0 statistical software to randomly generate 2, 500 respondents to be invited to this research. Each owner has an equal chance of 46% to be selected, regardless of their year of purchase, location of purchase, product purchased and other demographic factors.

## **Questionnaire design**

Demographic Profile - this section is to get the consumer data

What is your age?

What is your marital status?

What is your income level?

Perceived Product Quality – this section evaluates consumers perceived quality of our product

Proton car quality has met your expectation?

Proton car spare parts easy to find in market?

Proton car last long life cycle?

Brand Trust – this section evaluates consumer trust level on PROTON

Proton's Car is meeting your transportation needs?

Are you willing to purchase any Proton model?

Proton's sales representative are honest and sincere to reply your enquiry

Brand Loyalty – this section evaluates consumers loyalty

Will you purchase Proton car again?

Will you willing to pay a higher price for Proton car?

Will you prefer to buy Proton even if other similar brand offer lower price?

Consumer Satisfaction – this section evaluate consumers satisfaction on PROTON

Overall you satisfied with your Proton car?

Did you satisfy Proton car price level?



Would you recommend Proton to your friends and family?

## **Data collection method**

Both primary and secondary data collection were collected for this research.

Primary data was collected through questionnaires. Secondary data was collected from past researches, past studies, journal articles, historical statistics, annual reports and website information. Data collection from questionnaires is the foundation to achieve the stated objectives of our study. First, our questionnaire was digitized into electronic form in a website to facilitate the process of data collection. Only invited respondents would obtain the website link to access to the questionnaire. Second, all the 2, 500 respondents were sent with the website link via both email and mobile phone SMS. It took approximately two weeks to successfully distribute all the 2, 500 questionnaires via email and mobile phone SMS. The data collection took another one month until we prohibited any access to the website link.

Out of the 2, 500 respondents we managed to collect only 423 complete sets of questionnaire in electronic form with no missing data. The data was then coded into SPSS 20.0 statistical software to translate them into useful and readable format. The response rate is 16.92%.

## **Non-sampling errors**

### **Data analysis**

Malhotra, Hall, Shaw, and Oppenheim (2002) state that raw data must be first converted into a proper form before they can be used in analysis (SPSS statistical software). In order to ensure that the data is in a standard quality, repetitive data filtering process has been carried out in this research.

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## **Data editing / data coding**

All data collected from our questionnaires were double checked before coded into SPSS 20.0 to ensure that the data entry is accurate and has no error or mistake. Questionnaires with missing data were removed to maintain an optimal quality level of data analysis. Corrective actions were taken immediately for every detected questionnaire problem and mistake. Data must be coded into SPSS 20.0 before it can be translated into useful or readable format by the software. The coding process involves categorizing data into numerical score or character symbol. For example, Section 1 of our questionnaire categorizes male respondents as “ 1” and female respondents as “ 2”. Section 2 and later categorizes “ strongly disagree” as “ 1”, “ disagree” as “ 2”, “ neutral” as “ 3”, “ agree” as “ 4”, and “ strongly agree” as “ 5”. Such categorization facilitates the process of data analysis in SPSS 20.0.

Missing data in questionnaires refer to those questionnaires with ambiguous or missing answer (Burns & Bush, 2006). We ensure that the data collected from our questionnaires are complete, unambiguous and mistake-free before qualifying them as our data analysis material.

## **Analysis of data**

This chapter consists of descriptive analysis, scale measurement and inferential analysis.

## **Conclusion**

In conclusion, we achieved the objectives of our study to develop a framework that explains the relationship between brand heritages and

repurchase intention of consumers towards PROTON's automobile. The framework is able to explain the role of brand heritage in stimulating repurchase intention, providing more insight on branding strategy. We identified that perceived product quality, customer satisfaction, brand trust, and brand loyalty play mediating roles in the relationship. Therefore, we provide PROTON managers with benchmark on how they can leverage these factors to stimulate repurchase intention. Furthermore, the information collected from respondents in Perak allows PROTON to identify areas of improvement to better fulfill their needs and wants. Last but not least, in academic aspect, our study has open up new field of research area in brand heritage. In practical context, we hope that our research project will pioneer fresh, new and different directions for branding strategy.