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Customers' Perception towards the Service Marketing Mix and Frequency of Use of Mercedes Benz Automobile Service, Thailand

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Abstract**—**This research paper is aimed to examine a relationship between the service marketing mix and customers' frequency of use of service at Mercedes Benz Auto Repair Centres under Thonburi Group, Thailand. Based on 2,267 customers who used the service of Thonburi Group's Auto Repair Centres as the population, the sampling of this research was a total of 340 samples, by use of Probability Sampling Technique. Systematic Random Sampling was applied by use of questionnaire in collecting the data at Thonburi Group's Auto Repair Centres. Mean and Pearson's basic statistical correlations were utilized in analyzing the data. The study discovered a medium level of customers' perception towards product and service of Thonburi Group's Auto Repair Centres, price, place or distribution channel and promotion. People who provided service were perceived also at a medium level, whereas the physical evidence and service process were perceived at a high level. Furthermore, there appeared a correlation between the physical evidence and service process, and customers' frequency of use of automobile service per year.

Keywords**—**Service Marketing Mix, Behavior, Mercedes Auto Service Centre.

I. Introduction

MERCEDES-BENZ is a German automobile manufacturer. The brand 'Mercedes Benz' is used for luxury automobiles, buses, coaches, and trucks, with a tri star circle as its logo. Mercedes Benz was entered into the Thai luxury automobile market by the Viriyaphan family and the family was the only dealer of Mercedes Benz in Thailand under the name of Viriyah Insurance, Thonburi Automotive Assembly Plant Co., Ltd. and Thonburi Group. Later, in 1995 the Mercedes Benz Group opened a branch in Thailand under the name the Mercedes Benz Thailand, in order to import Mercedes Benz cars into Thailand [1]. Later, Demler Crysler with a realization of this growing market decided to invest in Thailand for Mercedes Benz import business. The business has been growing along with an increasing demand of the Benz market. This resulted in a joined business between Demler Crysler and Thonburi Automotive Assembly Plant Co., Ltd. ninety percent of the parts are imported by Demler Crysler and assembled, using Complete Knock Down (CHD) model, by Thonburi Automotive Assembly Plant in order to build cars for the market. This can boost sales revenue and respond to the demands of the market. The survey report of Thonburi Group revealed that there were 250 orders of passenger cars during 2010- 2011. The demand of Mercedes Benz passenger cars has presented a gradual growth, pushing the company into the condition that its production capacity cannot cope with the rising demand [2]. In order to expand Mercedes Benz market in Bangkok, another five branches of service and auto repair centres were established in order to respond customers more quickly and effectively. Furthermore, Demler Crysler announced an adjustment to its policy based on the concept of Economy of Speed. The corporation has the policy of improvement of pre and after sale services, as well as increasing more trainings for its dealers, for instance, in terms of resetting service teams in a more systemized management style, training for technicians to have more understanding and skill in how all the engines of Mercedes Benz models work, training for service staff in how to provide customer service with high effectiveness and quality. Currently, the Thonburi Group has attempted to push its dealers into the market to deal directly with Mercedes Benz customers. Continuous improvement of its service resulted in Thonburi Automotive Assembly Plant Co., Ltd. being awarded [1].

Marketing mix can be defined as the ability of company to make customer recognize the information about the specific brand and willing to purchase the specific brand as well as the ability to distinguish the specific brand from other brands. In addition, marketing mix can increase brand loyalty which can be defined as a positive feedback from consumers, a willingness from consumers to repurchase, and a willingness from satisfied customers to recommend the product or service to other consumers. In terms of brand loyalty, many experts and researchers have discussed that which indicator is the best indicator in order to measure the importance of brand loyalty. Many experts and researchers believe that intent to purchase and repurchase is the best indicator of brand loyalty. Importantly, marketing mix has an important role to enhance the achievement of brand loyalty.

II. Literature Review

The award-winning Thonburi Automotive Assembly Plant Co., Ltd. has been visioning to increase its quality in production and service. This vision has been acted in the management by implementing ISO 9001: 2000 Quality Management System in 2001 to assure its quality. In 2004, the company was certified by ISQ/TS 16949: 2000 Quality

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Management System for Automotive Industry, followed by being certified by ISO 14001 in 2005, and the Environment Management System in 2004. On a continuing basis, the company has emphasized the quality and productivity of its staff at all levels, whereas the quality assurance is on the production process. Based on monitoring and improvements in quality assurance, Thonburi Automotive Assembly Plant Co., Ltd. has gained market recognition and trust as a part assembly company among other world leading dealers under the Mercedes Benz brand. Thonburi Automotive Assembly Plant Co., Ltd. as a result gained a Quality Award from Demler Crysler AG., Germany in 2004 [2].

With respect to the review of Thonburi Group's business background, this research paper aimed to examine the relationship between service marketing mix and customers' frequency of use of service at Mercedes Benz Auto Repair Centres under Thonburi Group, Thailand. The findings are intended to benefit contribution of Thonburi Group in satisfying its customers as well as in initiating appropriate strategic marketing plans for sustaining its customers' loyalty.

The conceptual framework is shown in Fig. 1.

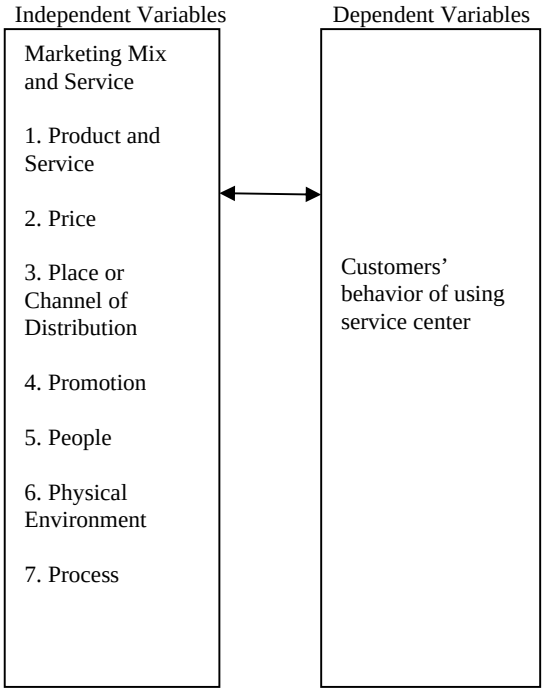


Fig. 1 Conceptual Framework

III. Methodology

This research was conducted in order to examine a relationship between the service marketing mix and customers' frequency of use of service at Mercedes Benz Auto Repair Centres under Thonburi Group, Thailand. The hypothesis of this research was that there was a relationship between the service marketing mix and customers' frequency of use of service at Mercedes Benz Auto Repair Centres under Thonburi Group, Thailand. Based on the reviews of service marketing theory [3] and service behaviour theory of Kotler [4], the conceptual framework visualized the service marketing mix of independent variables, to be product and service, price, place, promotion, people, physical evidence and process, and customers' frequency of use of service at Mercedes Benz Auto Repair Centres under Thonburi Group as dependent variable. Based on 2,267 customers who used the service of Thonburi Group's Auto Repair Centres as the population, the sampling of this research was a total of 340 samples, by use of Probability Sampling Technique. Systematic Random Sampling [5] was applied by use of questionnaire in collecting the data at Thonburi Group's Auto Repair Centres.

TABLE I
Cronbach's Alpha Coefficient (Reliability)

	Alpha Coefficient
Category	
1. Product Quality and Service	.75
2. Market Price	.79
3. Market Channel of Distribution	.84
4. Market Promotion and Advertising	.74
5. The Service from Staff and Employees	.82
6. Physical Environment of the Service Center	.73
7. Forms and System of Service	.76

Table I shows the reliability level by using Cronbach's alpha coefficient. If the value of Cronbach's alpha coefficient was more than 0.70, the questionnaire was good enough to use for collecting data.

IV. Findings

The demographic findings revealed that the majority of the respondents was male, aged between 45- 51 years old. The bachelor degree was their highest level of education. Most of the respondents were businessman or running their own business with an average income per month between 36,001-52,000 Baht. The findings showed that the revealed respondents perceived the service marketing mix of Thonburi Group's Auto Repair Centres in terms of product and service, price, place, promotion and people at a medium level, while perception towards physical evidence and service process was at a high level. Hypothesis testing demonstrated a relationship between the factors of physical evidence and service process of Thonburi Group's Auto Repair Centres and its customers' frequency of use of service per year.

TABLE II
Mean and Standard Deviation

	Mean	Standard Deviation	Level of Opinion
Category			
1. Product Quality and Service	3.33	.856	Medium
2. Market Price	3.21	.541	Medium
3. Market Channel of Distribution	3.17	.531	Medium
4. Market Promotion and Distribution	3.18	.613	Medium
5. The Service from Staff and Employees	3.29	.641	Medium
6. Physical Environment of Service Center	3.55	.541	Good
7. Forms and System of Service	3.98	.741	Good

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Table II shows means and standard deviations of seven market variables or categories. The means values can help to rank these variables from high to low as follows: 1) Forms and System of Service, 2) Physical Environment of Service Center, 3) Product Quality and Service, 4) The Service from Staff and Employees, 5) Market Price, 6) Market Promotion and Advertising, and 7) Market Channel of Distribution.

TABLE III
PEARSON CORRELATION

	Pearson Correlation	Sig. (2-tailed)	Level of Relationship
Category			
1. Product Quality and Service	.002	.421	No
2. Market Price	.001	.542	No
3. Market Channel of Distribution	.013	.453	No
4. Market Promotion and Distribution	.023	.245	No
5. The Service from Staff and Employees	.034	.254	No
6. Physical Environment of Service Center	.245**	.000	Low
7. Forms and System of Service	.542**	.000	Medium

** It is significant at 0.01

Table III shows the value of Pearson Correlation of seven variables as well as the significance of 2 tailed for all seven variables. From the table, only Physical Environment of Service Center and Forms and System of Service had the significant Pearson Correlation, while the other five variables show no relation.

V. DISCUSSION

In regards to the findings presenting a relationship between physical evidence and service process of Thonburi Group's Auto Repair Centres and its customers' frequency of use of service per year, this finding coincided with the study of Vorapat Leungrujiwong [6] which discovered that the selected marketing factors had a correlation with the customers' purchase of spa service. In addition, the finding agreed with Sirisopha Thampaphon's research paper [7] which studied customers' attitude towards the physical evidence and service process of Starbucks Coffee shops in Bangkok, showed a connection with the customers' frequency of coming back to experience Starbucks coffee and service consumption.

VI. RECOMMENDATION

The marketing mix of product and service revealed to be perceived by the customers at a medium level reflects the reason why the company should put more concern on expanding a wider range of service provisions to serve different needs of customers. Moreover, since the perception of customers towards the marketing mix of price, place, promotion and people of the Auto Repair Centre was at a medium level, the Centres may consider building good attitude among customers who receive the service. Especially, the pricing of repair service should remain competitive when compared to competitors. Physical environment of the centres should also be improved with adequate facilities for waiting customers. Increasing more centres may be considered. More promotional campaigns during different events and festivals will be ways to do public relations and publicity to the high-income market. Management upon human resource recruitment and trainings for service and technical staff should not be ignored. These recommendations will be able to enhance customers' positive attitude and keep them coming back to pay for the services. Additionally, the finding in which the marketing mix of physical evidence and service process had a relationship with the customers' frequency of use of service per year implied that the environment and service process are the unique selling point (USP) of Thonburi Group's Auto Repair Centres. It is suggested that Thonburi Group should put more emphasis on how to strengthen these USP.

VII. FUTURE STUDIES

Since this research used mainly qualitative method to find the process of obtaining the findings, the major limitation came from the incomplete information. Therefore, a mixed method of qualitative and quantitative method might better find the information and to obtain answers that represents the overall opinion of both local customers and company's employees. Therefore, the findings of this study may not be generalized beyond this sample group. In addition, future research should use random sampling technique with a large and diverse representative.

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