

STUDY REGARDING THE CUSTOMERS' SATISFACTION DEGREE QUALITATIVE RESEARCH AMONG THE MAN HEAVY COMMERCIAL VEHICLES BENEFICIARIES

Alexandru Palade

*The Bucharest University of Economic Studies
Marketing Doctoral School
alex.palade@man.ro*

Abstract: *The main objective of the study is to establish the satisfaction degree of the heavy commercial vehicles market customers. This scientific endeavour is justified by the major importance given by the producers and distributors of such vehicles to the beneficiaries' satisfaction, a high importance factor in the product development, customer relations improvement and market share growth. After the 2008-2009 financial crisis, when the Romanian heavy commercial vehicles market collapsed, the growth trend was linear and moderat, but the market structure changed significantly.*

Having on one hand high technological costs, generated by the European legislation on pollution reduction and road safety and, on the other hand, the beneficiaries' price pressure, the top producers from the developed countries focused on the optimization of the customers' satisfaction degree and the development of their loyalty towards the brand.

In order to achieve this, there has been developed a selective qualitative research, in the form of a questionnaire, among the most important customers of MHS Truck & Bus SRL – the importer of MAN trucks in Romania. The questions were directed towards obtaining informations regarding the customers' product perception, identifying the main acquisition motivations and finding the main issues in successfully implementing the main politics of the relational marketing. The obtained results generally showed a good satisfaction result, the main complaints regarding subjects indirectly linked to the distribution, like service performance or road assistance.

1. Introduction

The heavy commercial vehicles are represented by all terrestrial means of transportation which have a mass over 7,5 tons and which are meant for general products transportation. The size and structure of the heavy commercial vehicles market are a direct indicator of a country's development. On a European scale, a growing trend in the renewal of the truck park can be witnessed, due especially to the legal framework on pollution. The transportation sector and its connex activities play an important role in the European economy, by employing over 10mln people and, depending on the fuel price level, it can affect the final product prices by 15%. According to the European Commission's website, the transportation industry amounts to 4,6% of the GDP and the industry of transportation means production adds another 1,7% to the GDP.

Regarding the worldwide truck sales, an upward trend has been established for the emerging countries, as well as a continuous cyclicity in the developed markets, especially after the 2006 power pole shift. In order to counter the rapid growth of the Asian producers and to strengthen their worldwide position, the large heavy commercial vehicles producers from the developed countries adopted various measures al mergers or takeover of majority stock packages of competitors.

Andreas Renschler, the president of the Daimler Trucks Division of Daimler AG - the most important Full-Line producer of commercial vehicles worldwide, states that from the truck constructor's point of view, in order to determine a market's growth potential, one

has to take into consideration the GDP: *A growing economy always goes hand-in-hand with increasing freight transport volumes – boosting the demand for trucks (KPMG report, 2013).*

In Romania, the truck market dynamics is registering a prudent growth during the last years, as shown in the chart no.1. The local market, as well as the European, is divided among 7 large producers: MAN, Mercedes-Benz, Volvo, Scania, DAF, Renault and Iveco. MAN's direct competitors are only Mercedes-Benz and the two Swedish producers, which form together the market's premium segment.

Chart No. 1. The Romanian heavy commercial vehicles market in the timeframe 2008-2014, new trucks over 7,5 t

Brand	2014	2013	2012	2011	2010	2009	2008
MAN	955	748	713	815	525	477	1825
Mercedes	1198	791	379	569	317	204	1109
DAF	766	678	448	676	438	313	1236
Renault	236	220	180	261	210	151	1015
Scania	366	297	358	306	186	66	392
Volvo	943	860	475	491	136	183	1378
Iveco	572	412	253	559	549	390	2274
Others	56	33	33	50	94	96	296

Source: internal MHS Truck & Bus SRL documents

As we may deduce from chart no.1, MAN registered a 12,7% YOY growth in 2014, but, unfortunately, the distance to the the leading position of Mercedes grew. The total truck market grew by 12,6% and, although there usually exists a link between a country's economy and the commercial vehicles sales, this fact does not apply in this particular case. It is difficult to estimate but probably over 50% of the new trucks registered in Romania are active troughout Western Europe.

2. Satisfaction research and its role in the customer's attachment to the supplier

In the market economy, the buyers can choose what, when and where to buy or even if to buy a product at all. Every business' key to success resides in the open orientation towards satisfying the customer's needs. The company's profit is directly linked to the customer's satisfaction degree, his preferences and wishes, so marketing can be regarded as the ability to create and retain profitable customers.

Customer satisfaction is vital to a company's success. It's been proven that it's in direct relation to the customer loyalty process, motivating rebuying and the profitability of the supplying company. It is presumed that a satisfied customer will buy the product again,

while a dissatisfied customer is hard to win back and can have a negative influence on other potential customers.

Customer retention represents a company's ability to avoid or significantly reduce the threats to its own clientele. Attracting new customers implies the constant monitoring of the business environment in order to identify and quickly react to the changes in the potential customers' requirements.

The definition of customer satisfaction has been put together in time by many marketing experts and has taken simple and elaborate shapes. Even so, all these contain three common elements:

- Customer satisfaction is an emotional (affective) or cognitive reply;
- The reaction is focused on the expectations, the product's evaluation, the user experience and/or certain attributes linked to the acquisition process (e.g. distribution, sales force);
- The reply is manifesting at a certain moment in time (after the choice is made, after acquisition, after usage or after obtaining a cumulated experience).

The concept of marketing urges managers to regard the business from the consumer's point of view and consider his needs and aspirations. The most relevant example in this matter is Sam Walton, founder of Wal-Mart, the largest US detailing retailer with a yearly turnover of over 32 bn. \$ (Blythe J., 1997). He considers that the business' success is owed to him acting as a representative of his own customers, by assimilating their needs and adapting the offer to these requirements.

Customer satisfaction does not imply their loyalty but is an undisputable central premise of the forementioned (Burmam 1991; Jones/Sasser, 1995). Analyzing the link between customer satisfaction and his loyalty, Bloemer si Kasper (1995) add: *Also some other effects are found indicating that the relationship between consumer satisfaction and brand loyalty is not simple and straightforward.* Therefore, modeling the customer satisfaction as a cognitive and affective evaluation of the entire accumulated experience with an offerer and his product is highly recommended.

Successful brands like Coca-Cola, Nike, Levi's have demonstrated in the past that the brand's notoriety or popularity among consumers do not translate into significant sales by themselves. Selfsufficiency regarding the own image is a trap for popular brands, the lack of an efficient marketing and a permanent contact to the consumers having as consequence sale decrease and even endangering the company's existence.

In analogy with Hirschmann's theory (1970), which identifies 3 customer behaviour types "Exit, Voice and Loyalty", dissatisfied customers always have the option of complaint. Most of the time, the unpleasant experience is shared with other persons, like friends and family members, so that the dissatisfaction acts as a multiplying factor on the customers of a company. (Singh, 1988).

At the opposite end, the multiplying factor acting in satisfied customers generates a verbal propaganda, which can be regarded as free advertising by the respective company. A study conducted by the US Government (TARP 1979; 1986) reported that a satisfied customer shares his experience with an average of three persons, while an unsatisfied one shares his complaint with nine others (Bruhn, M., Homburg, Ch., 2010).

In 2003 Kotler defined customer satisfaction as *"...the pleasure which someone experiences when he compares his impression regarding the performance (or the results) of a product to his expectations prior to its acquisition"* (Kotler, P., 2003). This definition starts from the premise that satisfaction is a post-acquisition phenomenon. There are however opinions according to which customer satisfaction or dissatisfaction can occur before the choice or acquisition, maybe even in the absence of the buying process (e.g. the dissatisfaction caused by locating retail parks on the city's outskirts).

As any abstract element, satisfaction raises the problem of developing proper means of measurement. *Defining a concept's theoretical significance and the conceptual domain represent the main steps in developing appropriate ways of measuring and obtaining valid results* (Churchill, G.A., 1979).

The lack of these adequate measuring methods entices the impossibility of interpreting and comparing empirical results, therefore the differences between the results of various studies are depending of the way in which satisfaction was operationalized (Peterson, R.A., Wilson, W.R., 1992).

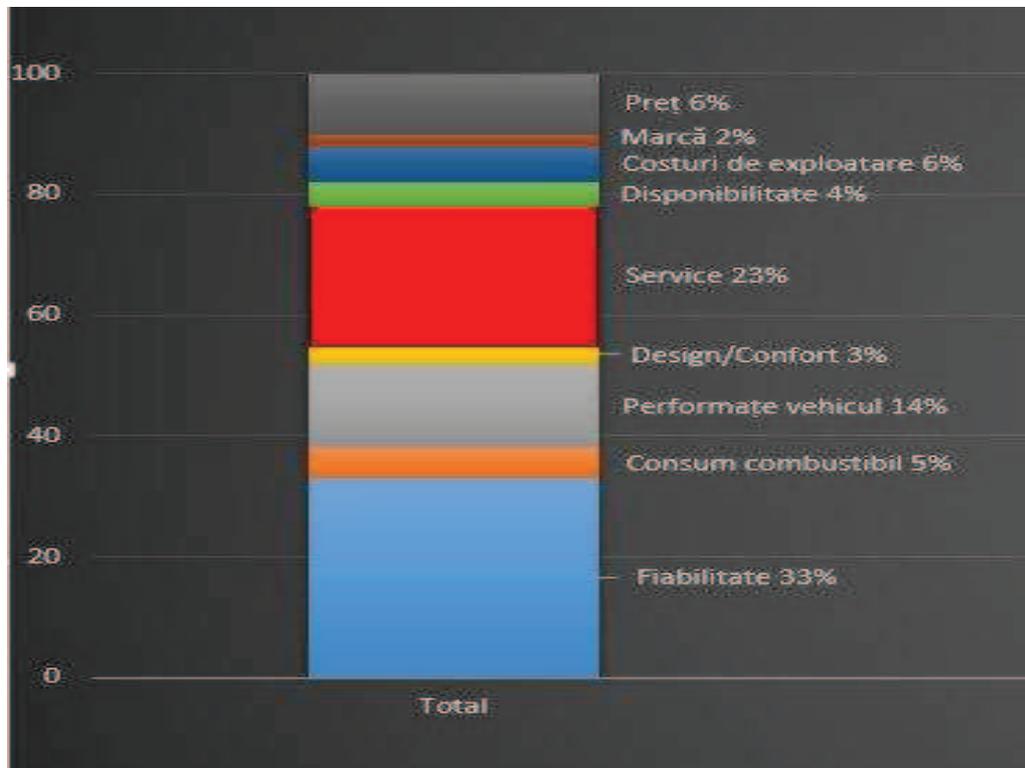
If you do not think about the customer, it means you're not thinking at all, stated Tee Levitt of Harvard University. In the analysis of the relational marketing significations, the customer becomes the central figure of the marketing efforts and his value for the company receives a new quantitative dimension through two concepts: the customer lifetime value and customer profitability. (Pop, 2006).

3. Characteristics of the manifestation of the satisfaction level among the customers of the heavy commercial vehicles market

The degree of satisfaction of the customers of heavy commercial vehicles plays an important role in their acquisition decision. Depending on the development level of a country or region, the the determinant reasons in the acquisition vary from the product's price to the after-sales services. *After all, the number one purchase reason in mature markets is the total cost per kilometer, not – in contrast to emerging markets – the initial price of a truck* (KPMG report, 2013) stated Andreas Renschler.

In the study "European Truck Customer 2010", conducted among 2.300 truck customers from Western Europe, the conclusion was reached that the service and technical assistance service play the most important role in the customer satisfaction. As we can see in the graphic no.1 below, the truck's reliability and its maintenance form the main criteria for establishing the clients' satisfaction degree. The truck's standstill due to a defect generates losses for the transporter, through the towing and repair costs, as well as through the lost turnover. The cost with recovering and repairing a truck in Western Europe vary from 615 to 1034 Euro (www.europenet24.com). Minimizing the standstill period is a decisive criterion of the satisfaction.

Graphic no. 1 Specific indicators for the calculation of the customers' satisfaction degree in the western commercial vehicles market



Source: Bain & Company investigation, 2012 - *Brand Loyalty of Customers in the Truck Market is Declining: Where and How Producers Can Successfully Position Themselves* (www.bain.de)

In another study, conducted in 2014 in Japan, Taku Kimoto - CEO of the Automotive Division of J.D. Power Asia Pacific – was stating: “In 2014, key sales activities – such as sales visits that include a bona fide proposal covering operational improvements, after-sales follow-up, and a provision of information on industry trends – have a greater impact on satisfaction, compared with 2013”. The same article brings two other general conclusions, also applicable to the European market:

- the frequent visits of the sales representatives (at least once a month) increase customer satisfaction. The forementioned may also increase if during the visit they communicate valuable informations like: proposals for operational improvements, follow-up of the after-sale activity or industry trends;
- the satisfaction degree is higher in the case of fleet owners (over 30 owned units) as compared to medium companies (10-30 units) or small ones (less than 10 units). This fact reflects the increased focus of the producers towards the important customers.

Another key element in determining the satisfaction degree of truck owners is the age of the vehicles. In the analysis conducted by J.D. Power and Associates on the US truck market, it's been determined that the satisfaction degree of the owners peaks in the

first 9 months of usage or in the first 80.000 km. This period coincides with the first major inspection, the first cost generated by the vehicle's maintenance. In the months 10–14 of usage, the satisfaction degree decreases with approximately 2,6%, and with an additional 3,25% after the 14th month.

The appearance of the latest legal regulations regarding the pollution norms and active safety systems have increased the technilogization degree of new trucks but, unfotunately, also the breakdowns. The issues, caused mainly by the fueling and gases recirculating systems on Euro6 models, have lowered the satisfaction levels during the last two years. The engine's reliability has the largest impact on the general satisfaction in a truck. The European built trucks have 22% lower rate of fueling and exhaust issues than their American counterparts.

In this field of commercial vehicles, the parts of the customer satisfaction upon usage can be plot up into two larger groups:

- six key factors generated by the product: cabin / overstructure, operating cost, engine, ride / maneuverability / brakes, tansmission and warranty;
- Six factors generated by the service performance: service consulting, maintenance ease, service points fitout, service related initiatives, maintenance and repairs operations price and their quality.

4. Research methodology

The B to B market research shows a series of characteristics compared to the B to C market research, especialy in the case of international research (Pop, N.Al., 2006).

The choosing process of methods, tehniques or instruments that are to be used in a research, has to be made taking into consideration:

- followed objectives in the investigation;
- available means at our disposal (human, material, financial);
- accesability degree of informations;
- their obtaining necessary time;
- establishing of research's methods (interview, observation, experiment);
- establishing of research's instrument (operator interview, questionnaire, projection test, observation card etc.);
- definition of contact method (via post, telephone, online, operator);
- global cost of the research.

This study's objective is to identify the satisfaction degree of the clients of MHS Truck & Bus SRL. The company MHS Truck & Bus SRL is the official importer of MAN heavy commercial vehicles in Romania. In order to achieve this goal, a qualitative selective research has been conducted as an exploratory study among the main customers during the last three years. It focused on identifying the main factors which can influence customer satisfaction an also on cerating the necessary premise for a comparative analysis of the results.

The exploratory research has taken place in the timeframe March - April 2015 and was based on the *inqiury method*, using the *interview technique* and used the *instrument* represented by the questionnaire.

The interviewed subjects were identified based on the company's database, according to their attractiveness level to the company's sales department. Although all customers are important to a company, the criteria on which the selection of the subjects was made are the following:

- the acquisition of at least five MAN trucks (potential fleet customer);

- customer with large acquisition potential or market influencer, but which acquired at least one MAN truck.

Given the extremely varied customer types, one of the main concerns was to have a wide coverage of the activity ranges of the respondents. Therefore we identified the following major segments:

- haul companies and transport companies (general products, fuel);
- building and road building companies;
- companies which have an activity necessitating specialized transportation (oil extraction, scrap metal collection, waste collection, oversized transportation);
- city halls, public transportation authorities, emergency situations authorities.

Another criterion which was taken into consideration was of the uniformity of the interviewees' selection area according to the geographical distribution, but this was difficult due to the unequal distribution of the national sales numbers. We discovered geographical areas with great potential, way above the national average, which correspond to important logistics hubs: Cluj, Timisoara, Pitesti, Craiova, Suceava and, of course, Bucuresti. The most important increase of the last years was registered in the North-West area, especially due to foreign investments.

The questioning of the subjects was mainly done by email. Only in isolated cases, where the customer's access to an internet connection was impossible, did we choose the telephone option. We amounted to 37 respondents, occupying various positions management positions in these companies: owner, administrator, technical manager, car park administrator etc.

5. Research's results

The research started with an accommodation question which targeted the classification of the customers according to the length of their collaboration with the MAN company in Romania. The MHS Truck & Bus SRL company was founded in 2007 but functioned previously as a trucks dedicated division of the Automobile Bavaria since 2001. This is the reason why approximately half of the interviewees had contact with the MAN brand before the founding of MHS Truck & Bus SRL. A third of the interviewed persons first had contact to MAN in the timeframe 2012-2015.

The way in which the respondent has made his first contact to MHS T&B returned interesting answers regarding the active and passive promotion. Two fifths of the customers first visited the company offices where they contacted a sales person. This segment almost perfectly overlapped the one collaborating with MAN since before 2007. A quarter of the beneficiaries had their first contact with the company by offer request through email or telephone. Only one in six were contacted by the MHS T&B personnel. Other situations were the following:

- public tendering on which MHS T&B participated and was afterwards declared winner;
- acquisitions requested by the foreign mother company directly at MAN, the local companies being linked by their international partners;
- delivery of special vehicles by a third company usually through the overstructure producer who fitted the trucks, contact being established at delivery or at the trainings;
- maintenance and repairs of used MAN vehicles purchased from outside Romania.

The main answer to the question regarding the decisive argument on buying the first MAN truck, was the brand's notoriety, which amounted to two fifths of the answers. The same percentage was obtained by the good price-to-quality ratio of the MAN products.

Approximately a third of the respondents mentioned the short delivery time or the availability from stock as being decisive. Only one tenth of the respondents considered the technical characteristics of the MAN trucks as a decisive factor.

Given the fact that the inquiry was conducted exclusively among customers who acquired a MAN truck, their assessment of the sale-related aspect was good (a quarter) and excellent (three quarters). A single customer rated it as satisfactory. On the other hand, regarding the after-sales aspect, less than half of the customers were pleased, many rating it "bad".

Listing the main sources of satisfaction on the last direct acquisition from MHS T&B showed following proportions: upholding the contract conditions (one third of the respondents), product and service quality (a quarter), the quick availability of the truck (one third) and, last but not least, the professional reactions and technical knowledge of the MHS personnel (one half).

There has been of course required the main reasons which induced a state of dissatisfaction on the last transaction. Two thirds declared that there is no complaints, and, from the ones who had objections, approximately one half underlined the rigidity during negotiations or the high acquisition price. Approximately one in six respondents were displeased with the technical detailing prior to the acquisition or the lack of warranty for the used vehicles.

A quarter of the interviewees were not able to respond to the question regarding a comparison between the last two acquisitions, as they were first time customers of MAN. From the total number of customers who were at least at their second purchase, three fifths considered that the relationship with MHS was the same and the rest of two fifths recorded an improvement. There were no cases of decreasing satisfaction in time.

One of the most interesting questions of the inquiry was linked to the customers' suggestions in order to increase their long term loyalty. One third stated that the lowering of the price level would help. The expansion of the service network was considered helpful by a quarter of the respondents, while a third mentioned the improvement of the service offers (longer payment terms, promotions on inspections or major repairs, a more efficient dissemination of the service campaigns) as a factor for keeping the MAN brand as their first option. There were also scattered mentionings of the following criteria: keeping the sales team constant, diversifying the stock products, warranty introduction for used vehicles, the introduction of free-of-charge campaigns on truck diagnostics.

More than half of the interviewed partners did not wish to make any recommendations of brand image improvement of MHS T&B on the heavy commercial vehicles market. The answers obtained from the rest were difficult to categorize due to their variety. Here are just a couple of examples:

- changing the statute from official importer to Romanian Representative office;
- promoting the image of MAN in magazines and TV shows (e.g.: Paris-Dakar Rallye);
- a quicker supplying of spare parts and the correct calculation of the service workmanship hours;
- the improvement of the price / quality ratio.

Subsequently, the customers' opinion regarding the advantages and disadvantages of MHS T&B compared to its main competitors in the heavy commercial vehicles market was requested. A quarter did not answer this question. The common denominator of this category is that they represent multinational transport companies or large transporters, who's fleet is comprised of several truck brands and who did not wish to express their opinion, even under the cover of confidentiality. Among the clients who gave an answer, we identified the following mentions regarding MHS T&B's advantages:

- a good price / quality ratio (half)
- the MAN brand notoriety (a quarter)

- professionalism, seriousness and experience of the MHS T&B personnel (a quarter)

The customers' opinions regarding MHS T&B's disadvantages compared to the competition focused mainly on the service area. Out of the total number of interviewees, three fifths did not mention any disadvantages. The rest focused their opinion on:

- service – high prices, low stock of spare parts, low quality of the spare parts (three quarters)
- underdeveloped service network (a quarter)
- price level of trucks (a quarter)
- other issues as the long delivery term, the low frequency of driver trainings (a quarter)

Another interesting aspect was the relationship between the position of the interviewee in his company and the area his answers were focused on. Therefore, owners and general managers were preoccupied by aspects regarding tendering, negotiation and purchasing. Technical managers and car park managers on the other hand leaned towards after-sales services, like the national service network, quality and maintenance and repairs costs, as well as driver trainings.

6. Research's conclusions

The undertaken research has proven its usefulness in improving MHS Truck & Bus SRL's activity. The variety of the revealed aspects was crystalized in a series of future activity directions meant to improve the Romanian distributors performance.

- a) By correlating the answers of different categories of respondents, one can identify a priority preoccupation of the owners and general managers towards the contractual negotiation mechanism and of the technical managers and car park managers towards the technical aspects (sale + after-sale services), fact justified by each category's positioning in the decision chain.
- b) A clear conclusion of the research is the need of significantly improving the *after-sales activities* and, primarily, *the service activities*. This requires a higher degree of responsibility from the service providers of MHS Truck & Bus SRL. This could be achieved by a contractual clause stating that the company would have the right to periodically investigate the quality of the partner's performance.
- c) Another major direction resulted from the study is regarding the CRM (Customer Relationship Management) policy, which has to be integrated in the sales activity and should develop into a long term collaboration with the customers. In order to achieve this, the improvement of the *customer database structure* and *the complaints and reclamations management* is necessary.
- d) A final conclusion relates to the necessity of periodical annual researches, focusing on *the satisfaction degree of the customers*. The content of these investigations may be transferred upon a user panel, by profits resulted from the usage of the vehicles, fleet size and geographical area of the owners.

7. Bibliography

- Bloemer, J. Kasper, H., 1995, The Complex Relationship between Consumer Satisfaction and Brand Loyalty, Journal of Economic Psychology, Vol. 16, Nr. 2
- Blythe, J., 1997, The Essence of Consumer Behavior, Prentice Hall Europe
- Bruhn, M., Homburg, Ch., 2010, Handbuch. Kundenbindungsmanagement, 7 Auflage, Gabler Verlag, Wiesbaden
- Bruhn, M., 2012, Kundenorientierung. Bausteine für exzellentes CRM, 4 Auflage, Deutsche Taschenbuch Verlag, München
- Burmann, Ch., 1991, Konsumentenzufriedenheit als Determinante der Marken- und Händlerloyalität, Marketing ZFP, 13 Jg, Nr. 4
- Churchill, G.A., 1979, A Paradigm for developing Better Measures of Marketing Constructs, Journal of Marketing Research, Vol. 16
- Dubois, P. L., Jolibert, A., Mühlbacher H., 1993, Marketing Management – A value creation process, Palgrave Macmillan, UK
- Gonzales, D., 2013, Preferred customer status with key suppliers – Case study at MAN Truck & Bus AG and three of its suppliers, University of Twente, Enschede
- Hirschman, A., 1970, Exit, Voice and Loyalty, Cambridge
- Jones, T., Sasser, E.W., 1995, Why Satisfied Customers Defect, Harvard Business Review, Vol. 73, Nr. 6
- Kotler, P., 2003, Marketing Management, 11th Edition, Prentice Hall
- Peterson, R.A., Wilson, W.R., 1992, Measuring Customer Satisfaction: fact and artifact, Journal of the Academy of Marketing Science, Vol. 20
- Petrișoia C., Pop, N. Al., 2012, Investigating the Relationship between Perceived Sacrifice and B to B Customer Satisfaction in the Insurance Industry, EINCO 2012, 8th Edition, University of Oradea
- Pop, N. Al., 2006, O noua paradigma în marketingul contemporan: marketingul relational, Management & Marketing, Anul 1, Nr. 3,
- Pop, N. Al., (coord.), 2011, Marketing international teorie și practică, Editura Uranus, București
- Pop, N. Al., Draghescu, F., Palade Al. C., Benchmarking for the Romanian Heavy Commercial Vehicles Market, EINCO 2014, 10th Edition, University of Oradea
- Singh, J., 1988, Consumer Complaint Intentions and Behavior: Definitional and Taxonomical Issues, Journal of Marketing, Vol. 52, Nr. 1
- Stremtan, F., Bolog, A., Definiții ale satisfacției consumatorului, Universitatea “1 decembrie 1918”, Alba Iulia
- Wyman, O., 2010, Erste Ergebnisse der European Truck Customer Studie 2010

* * *, www.apia.ro

* * *, www.bain.de

* * *, www.centruldemarketing.ro/orientareacatreclient

* * *, www.drpciv.ro

* * *, www.europenet24.com

* * *, www.jdpower.com

* * *, www.kpmg.com Competing in the Global Truck Industry, 2011

* * *, www.man.eu