

# Customer Retention Model – A Case Study of a Branded Passenger Car

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## Abstract

Current automobile players are facing steep competition but no empirical study on antecedents of customers' repurchase intention of a branded passenger car has been done. A conceptual framework that integrates three previous frameworks has been developed to understand current car owner repurchase intention. A multi-stage sampling scheme, cluster followed by random sampling was used to select 450 respondents for a questionnaire survey; out of which 360 completed responses were used in analysis. The response was analyzed through Structural Equation Modeling

(SEM). The findings indicate that trust and customer satisfaction are crucial driving factors in customers' repurchase intention. Customer's perceptions about service, product quality and price fairness are the foundations in building customer satisfaction. The estimated SEM portrait the multi-relationships among the six constructs. This model presents is much more informative than those reported before and the findings can be of significant contribution to a car manufacturer endeavor in customer's retention.

**Key words:** Automobile, repurchase, SEM

## 1. Introduction

Rising oil prices has eventually led to cutbacks in auto consumption by most economies. This coupled with global overcapacity in automobile production has led to fierce competition for market share with consequences in shortened

product life span and hastened product development cycles. All these factors are threatening the survival of many auto car makers including famous brand such as Rolls Royce, Volvo, Land Rover and many more. Car manufacturers are in dire need to understand