

# Hyundai's Customer Satisfaction Analysis in Azerbaijan Market

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**Abstract** *In modern economies, level of customer satisfaction is main indicator which intends to show organization's position in comparison with its competitors. Determining customer satisfaction level allows any organization to detect the problems and gives a way in order to solve such issues. In this article, the aim is to measure the satisfaction level of Hyundai customers in Azerbaijan and for that a survey has been conducted. The research has been implemented on two basis: customer Satisfaction of Hyundai clients on a) the car they drive; and b) the service they have paid for repairing their car in the service center. Authors have developed confidence interval and hypothesis testing for each outcome from the survey. In addition to these, NPS level of Hyundai has been computed. Those figures help the authors to measure the real population's satisfaction level. The results of the analysis claim that ultimate amount of customers are dissatisfied with car's quality. Furthermore most of drivers' satisfaction level of services which Hyundai provides is satisfactory.*

**Key words** Market research, Hyundai, Azerbaijani , customer satisfaction, statistical analysis

**JEL Codes:** D12

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## 1. Introduction

Who is more important than the customer in terms of judging the quality of a product or service? No one [9]. Through the satisfied customers, a firm can easily measure the effectiveness of the business, its potential and position in the industries, and the areas that are needed to polish and improve. As being aware about how satisfied the customers of one company from its products or services is crucial for marketing managers they always try to measure it. As the main aim of companies is to increase their profit, one of the main factors intends to maximize profit is customer satisfaction, because satisfaction level leads to customer loyalty [10], repurchase, recommendation. Before the placement of strategies and organizational structure, customers and to fulfill costumers' desires are the first aspect considered by organizations. Moreover,

customer satisfaction is the key manner to improve overall performance of organizations [3]. This research is a kind of market research and is prepared for measuring customer satisfaction of the drivers of Hyundai cars in Azerbaijan.

Our Customer Satisfaction Research is designed to help Hyundai win and maintain its customers for life. After all, satisfaction usually leads to a customer repurchase and buying more. Repeat, loyal customers tell other people about their experiences, and they may well pay a premium for the privilege of doing business with a supplier they trust. It is believed that the results of the research will be helpful for improving Hyundai's business in Azerbaijan.

In this research authors find out if the customers of Hyundai in Azerbaijan are satisfied with him/her car and the service of the Repairing Service based several factors. The research question is: Are the customers in Azerbaijan satisfied with Hyundai products and services? In order to get more accurate results, authors divide the main research question into sub-questions such as: Are the customers in Azerbaijan are satisfied with engine performance of Hyundai car? and etc.

## **2. Literature review**

Hyundai Motor Company is established in 1967 in South Korea, headquarter is located in Seoul. Founder of this company is Chung Ju-Yung. In 1975 company produced its first car Hyundai Cortina and in 1986 company entered to US market with their new car called "Hyundai Excel". Hyundai continued to write its success story by releasing best-selling cars like the Hyundai Elantra, Hyundai Tucson, Hyundai Santa Fe, and Hyundai Genesis. Hyundai won many awards for the durability and fuel-efficiency of the cars they produce. As of 2013, Hyundai produces more than 4,000,000 units every year in its plants spread across the world and in addition to this, considering sales by region, most of produced cars sold in Asia region (34%). It has more than \$ 82 billion in revenue and nearly 75,000 employees. In 2008, Hyundai ranked as the eighth largest automaker [8]. In 2010, Hyundai sold over 3.6 million vehicles worldwide. It is in the fifth place in global market with 5.9% market share.

Hyundai Auto Azerbaijan is an official distributor of Hyundai Motor Company in Azerbaijan and started its activity in 1995. This company sells Hyundai cars, spare parts and provides cars with technical services. Following 2007 Hyundai Auto Azerbaijan became automobile sales leader. Today Hyundai is the only make of car represented by seven dealers in Azerbaijan – Baku, Sumgait, Ganja, Shirvan, and Yevlakh. Six more dealer offices are to open till the end of 2008. Company sold more than 6000 cars in Azerbaijan and have about 14% market share in Azerbaijan market.

### 3. Methodology of research

Our customer satisfaction research takes place throughout the whole second half of 2016.

The research is conducted by using online surveys with Hyundai drivers. Authors chose the sample from people who like the official page of Hyundai Azerbaijan in Facebook. A link in which contains survey questions was sent to a randomly chosen respondents through e-mails and individual messages in Facebook. The survey contained 9 main questions which were aimed to measure the level of satisfaction of customers. 45 Hyundai customers participated in the survey. Data analysis is carried out in SPSS v.24, Excel and Qualtrics.

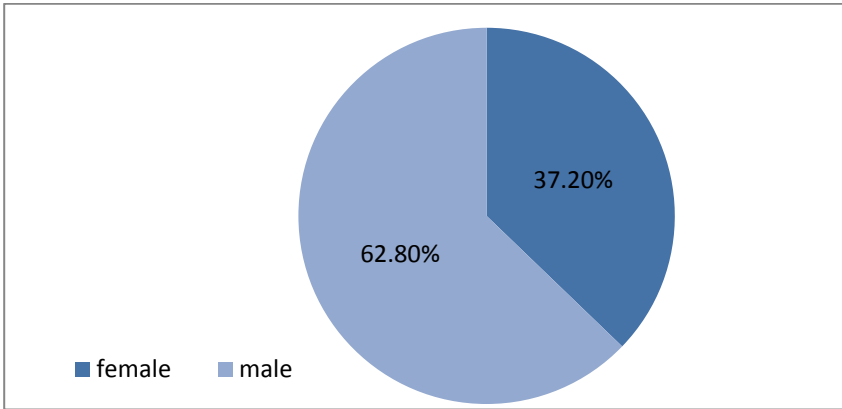
A research that focuses mainly on the construction of quantitative data follows a quantitative method [6] as we do in this research. Primary data are new data collected specifically for that purpose [7]. For this research, the data capture instrument used was a survey. Survey consists of 24 questions. These questions mainly concentrated to measure the quality of car and quality of repairing service customers received. Dimensions of SERVQUAL model is used while building survey. In order to measure the quality of car, authors pick the main characteristics of car like engine performance, fuel efficiency, safety, innovation, comfort, design, steering wheel and respondents has been asked to rate these indicators over 10 scale; 1 being very dissatisfied, 10 being very satisfied. In second part of survey, respondent are asked to rate the responsibility, friendliness, skills of the repairing service representatives over 5 scale. Recommendation is used as a variable to confirm the satisfaction levels of costumers, if they are satisfied obviously they will recommend it. Respondents rate the question over a scale 10 scale. The main aim of authors is to measure NPS level of Hyundai through this recommendation question.

#### 3.1. Descriptive statistics

Our customer satisfaction survey asks respondents to provide us with information about them. Figure 1 and 2 shows a breakdown of our customers by gender and age. As it is very natural the number of male customers is about 2 times more than females who drive a Hyundai car (62.8 percent and 37.2 percent respectively). As a result of responses, we see that mainly the customers of Hyundai in Azerbaijan are the youth between 18-24 ages. Also, adults between 25-34 ages have considerable share among the age groups.

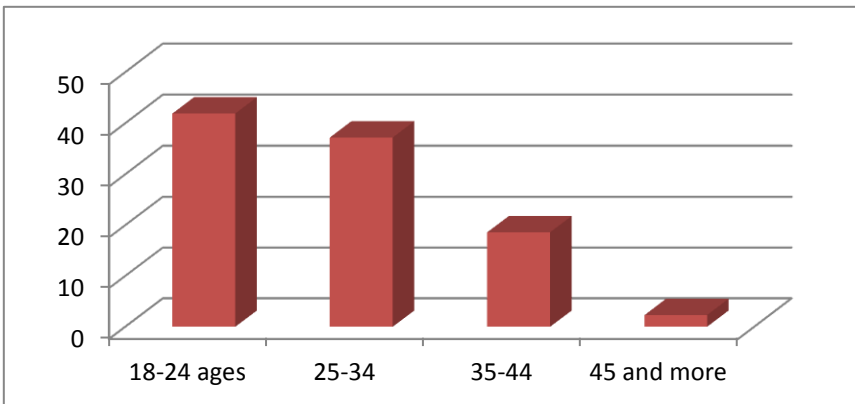
Authors asked customers some questions in order to determine most used services by Hyundai drivers. From the results it becomes clear that the customer of Hyundai mostly use "oil changing" service of Hyundai in Azerbaijan.

Figure 1. Gender of Respondents



Source: Authors' own completion

Figure 2. Age of Respondents



Source: Authors' own completion

Additionally, respondent are asked whether they have used Repair Service or not. According to results 23.26% of all surveyed respondent didn't use Repair Service, remain 76.74% respondents' answer to this question is "yes".

Table 1. Used services by customers

|                       | Frequency | Percent |
|-----------------------|-----------|---------|
| Oil changing          | 19        | 59.4    |
| Providing spare parts | 5         | 15.6    |
| Fixing brake system   | 2         | 6.3     |
| Wheel balancing       | 2         | 6.3     |
| Others                | 4         | 12.4    |
| Total                 | 32        | 100.0   |

Source: Authors' own completion

### 3.2. Data analysis

Analysis is carried out on three directions: Confidence Interval, Hypothesis Testing, NPS.

#### Confidence Interval

In order to measure the satisfaction of customers, our team asked 9 different main indicators in the survey. In this section of the research the results of responses with real population mean estimation (95% Confidence level) are presented.

Table 2. 95% Confidence Interval for Population Mean

|                                 | N  | Df | Sample Std. dev. | Sample mean | 95% Confidence Interval |        |
|---------------------------------|----|----|------------------|-------------|-------------------------|--------|
|                                 |    |    |                  |             | Lower                   | Upper  |
| Wise choice*                    | 43 | 42 | 0.93830          | 3.97674     | 3.6880                  | 4.2655 |
| Engine performance              | 43 | 42 | 1.96762          | 7.44186     | 6.8363                  | 8.0474 |
| Fuel efficiency                 | 43 | 42 | 2.41121          | 6.74419     | 6.0021                  | 7.4862 |
| Safety                          | 43 | 42 | 2.89403          | 6.34884     | 5.4582                  | 7.2395 |
| Steering wheel                  | 43 | 42 | 3.00443          | 6.79070     | 5.8661                  | 7.7153 |
| Innovation                      | 43 | 42 | 2.72676          | 7.39535     | 6.5562                  | 8.2345 |
| Comfort                         | 43 | 42 | 2.70208          | 7.27907     | 6.4475                  | 8.1106 |
| Design                          | 43 | 42 | 1.91861          | 8.44186     | 7.8514                  | 9.0323 |
| Overall quality                 | 43 | 42 | 1.73620          | 7.55814     | 7.0238                  | 8.0925 |
| Well trained*                   | 33 | 32 | 1.34488          | 3.60606     | 3.1292                  | 4.0829 |
| Friendly*                       | 33 | 32 | 1.07397          | 4.18182     | 3.8010                  | 4.5626 |
| Responsible*                    | 32 | 31 | 1.25563          | 3.81250     | 3.3598                  | 4.2652 |
| Price of repair                 | 33 | 32 | 1.02340          | 2.87879     | 2.5159                  | 3.2417 |
| Quality of overall performance* | 31 | 30 | 1.49982          | 3.87097     | 3.3208                  | 4.4211 |
| Quality of last service*        | 32 | 31 | 1.42239          | 3.90625     | 3.3934                  | 4.4191 |

Source: Authors' own completion

Note: \* shows indicators which is rated over 5 scale

Authors build confidence interval to determine the interval which population mean. Confidence interval means that authors 95 % are sure that in the real population means are between the lower and upper bounds which have been shown in the Table 2. As confidence interval is crucial to guess population parameter with help of sample statistic, readers can easily determine place of population mean with help of this table. Population rate for wise choice option is between 3.69 and 4.27 over 5 scale, it can be determined easily for other indicators as well.

*Hypothesis testing*

HT is a unique way for testing our sample results in order to be sure that those results truly reflect the population characteristics. In this research, authors used only one-tailed and lower tail HT which was best appropriate to the case. Below the results of hypothesis testing are presented for each indicator. Furthermore, after applying one-tailed Hypothesis test, the decisions found have been shown in the Table 3. From the each cell of the Decision column we can conclude to reject or do not reject the null.

Table 3. Hypothesis Testing Results

|                                 | T-stat | Df | T-critical | Decision   |
|---------------------------------|--------|----|------------|--|
| Wise choice*                    | -.861  | 42 | -1.6820    | We do not have sufficient evidence to reject the null. |
| Engine performance              | -2.193 | 42 | -1.6820    | We have to reject the null.                            |
| Fuel efficiency                 | -3.687 | 42 | -1.6820    | We have to reject the null.                            |
| Safety                          | -3.968 | 42 | -1.6820    | We have to reject the null.                            |
| Steering wheel                  | -2.858 | 42 | -1.6820    | We have to reject the null.                            |
| Innovation                      | -1.695 | 42 | -1.6820    | We have to reject the null.                            |
| Comfort                         | -1.992 | 42 | -1.6820    | We have to reject the null.                            |
| Design                          | 1.168  | 42 | -1.6820    | We do not have sufficient evidence to reject the null. |
| Overall quality                 | -2.047 | 42 | -1.6820    | We have to reject the null.                            |
| Well trained*                   | -2,110 | 32 | -1.6939    | We have to reject the null.                            |
| Friendly*                       | ,438   | 32 | -1.6939    | We do not have sufficient evidence to reject the null. |
| Responsible*                    | -1,295 | 31 | -1.6955    | We do not have sufficient evidence to reject the null  |
| Price of repair                 | -6.855 | 42 | -1.6820    | We have to reject the null.                            |
| Quality of overall performance* | -,850  | 30 | -1.6973    | We do not have sufficient evidence to reject the null  |
| Quality of last service*        | -.771  | 31 | -1.6955    | We do not have sufficient evidence to reject the null  |

Source: Authors' own completion

Note: For \* indicators  $H_0: \mu \geq 4.1$  and  $H_a: \mu < 4.1$ , for others  $H_0: \mu \geq 8.1$  and  $H_a: \mu < 8.1$ .

In each indicator authors placed the answers from very bad to very good. All questions in the survey follow this rule regarding their variants. When the t-stat is greater than t-critical and it is lower-tail test we do not reject  $H_0$ , because t-stat is located in non-rejection area.

We have built hypothesis for each indicators shown above. Two kinds of hypothesis is built based on rated scale in this research. Authors have built a new framework that if the population mean is equal and greater than 4.1 for factors which is rated over 5 scale, it is considered desirable for company's product. In this case Null Hypothesis-  $H_0: \mu \geq 4.1$  and Alternative Hypothesis-  $H_a: \mu < 4.1$ . For those factors which respondents' rate over 10 scale, authors give hypothesis population mean is equal and greater than 8.1 is desirable. So Null Hypothesis-  $H_0: \mu \geq 8.1$  and Alternative Hypothesis  $H_a: \mu < 8.1$ .

### NPS Measurement

NPS acts as a leading indicator of growth. If Hyundai's NPS is higher than those of their competitors, they will likely outperform the market. Our team calculated Hyundai's Net Promoter Scores using the answer to a single question, authors use a 10 scale: How likely is it that you would recommend Hyundai to a friend or colleague? This is called the Net Promoter Score question or the recommend question. Respondents are grouped as follows:

*Promoters* (score 9-10) are loyal enthusiasts who will keep buying and refer others.

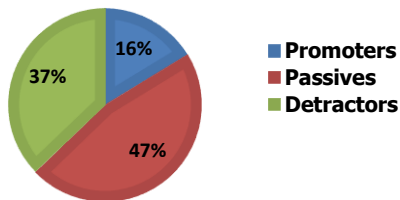
*Passives* (score 7-8) are satisfied but unenthusiastic customers.

*Detractors* (score 0-6) are unhappy customers who can damage your brand.

Subtracting the percentage of Detractors from the percentage of Promoters yields the Net Promoter Score, which can range from a low of -100 (if every customer is a Detractor) to a high of 100 (if every customer is a Promoter).

Authors also presented a question which intended to find NPS. In our case the percentages of the 3 groups are as following:

Figure 3. Percentage of NPS indicators



Source: Authors' own completion

So, the NPS level for Hyundai is (16-47) -21%. This indicator is undesirable for a brand because it is lower than the average (0%).

#### **4. Conclusions**

The authors made one sample t-tests for all the main questions. It means now it is clear that how real population think about Hyundai. As all hypothesizes through the questions have ">" and "<" sign in them one-tailed tests were done.

According to results from analysis most of our respondents thinks it is wise choice to buy Hyundai. It means that most of population thinks that their choice is a wise one to buy a Hyundai. This result is very desirable for marketing managers of Hyundai in Azerbaijan.

Mostly, respondents are dissatisfied with the characteristics of Hyundai. According to the t-tests, fuel efficiency, safety, steering wheel, innovation, comfort, and the overall quality of Hyundai cars do not give complete satisfaction to their customers, too. Only they like the design of their car. Hypothesis which we built the test overall quality of car for population is rejected; t-stat is -2.047 which is lower than t-critical -1.6820 and fall in rejection area. It shows clearly satisfaction level of customer for the car they use.

Among the people surveyed, 79% of them have used the repair service of Hyundai. Most of problems of those people have solved by representatives of Hyundai repair service. According to research findings majority of people are dissatisfied with the pricing strategy of Repair Service. When our team take detailed look to measure the effectiveness of Repair service, it is possible to conclude that respondents have complaint about the well-trained of representatives in repair service. Authors don't have sufficient evidence to reject the null hypothesis about friendliness and responsibility of representatives, which means unlikely well-trained they are satisfied with the way representatives behave with them and mostly representatives act responsible toward their work. We don't reject our null hypothesis about overall quality of Repair service performance, so it is obvious that overall people are satisfied with the performance. Although people are satisfied with the repair service, they reject to recommend Hyundai to others, taking into consideration that they are dissatisfied with the characteristics of Hyundai authors could conclude people consider overall quality of car not the kind, responsible service stuff when it comes to recommendation.

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