

## Customer retention in the automotive industry: A mixed method

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World Journal of Advanced Research and Reviews, 2025, 27(01), 1446-1473

Publication history: Received on 03 June 2025; revised on 08 July 2025; accepted on 11 July 2025

Article DOI: <https://doi.org/10.30574/wjarr.2025.27.1.2624>

### Abstract

This study explored customer retention strategies in the automotive industry which focused on the experiences of line managers and customers at Toyota Cebu City, Inc. through utilizing mixed method research design. Findings revealed that while customers are generally satisfied with the overall experience, customer care, and technical expertise, notable gaps remain in timeliness, communication, and technical expertise with empathy, value perception, and staff friendliness also identified as areas needing further improvement. The results also highlighted the strong influence of customer relationships on satisfaction, with loyalty programs and online convenience being less decisive for retention. Key challenges identified include resource and staffing constraints, adapting to digital transformation, and managing supply chain disruptions. Effective coping mechanisms such as proactive and personalized communication, leveraging digital tools, and providing value-added services were found to enhance customer retention. The study indicated that continuous investment in employee engagement, digital technologies, and personalized services is critical for maintaining loyalty and satisfaction in a competitive market. To address changing customer expectations and industry challenges, automotive organizations should prioritize relationship building, regularly review and enhance loyalty programs, and support workforce and digital transformation initiatives.

**Keywords:** Customer Retention; Automotive Industry; Customer Satisfaction

### 1. Introduction

In the Philippines, vehicle ownership has shifted from being a symbol of luxury to a practical necessity, driven by economic growth and expanded access to financing options. Among the leading automotive brands globally and locally, Toyota has consistently maintained its competitive edge, outperforming American, Korean, and European competitors in reliability, customer trust, and service delivery. In 2019, Toyota Motor Philippines (TMP) recorded an impressive sales volume of 162,011 units, capturing 39.5% of the market share, with over 54,000 units produced locally at its Sta. Rosa plant. Despite the global disruption brought by the COVID-19 pandemic, TMP sustained its dominance, achieving a 41.3% market share by the end of 2020 — a testament to its robust after-sales service and strong commitment to customer satisfaction.

In Region VII, Toyota continues to command more than 40% market share, making customer retention a critical pillar of its strategic success. However, challenges persist. For example, in 2022, Toyota Mandaue South sold more than 9,089 vehicles, but only 62% of these returned for the initial 1,000-kilometer check-up. Factors such as customer relocation, servicing at other dealerships, and scheduling issues contributed to this gap. Moreover, the automotive market in Region VII is highly competitive, with local and international brands engaging in aggressive promotional campaigns, product innovations, and differentiated service offerings to capture market share. Within this landscape, Toyota Cebu City faces the ongoing challenge of strengthening its servicing operations, particularly as profit margins from new vehicle sales decline and the after-sales segment gains greater strategic importance.

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Existing literature strongly supports the link between customer satisfaction, brand experience, service quality, and customer retention. Kridiawan and Wang (2023), through a systematic review, underscored the critical role of after-sales service in improving retention within the automotive sector. Similarly, studies at Toyota Dasmariñas-Cavite demonstrated how the five dimensions of service quality — tangibility, reliability, responsiveness, assurance, and empathy — significantly influence customer satisfaction in after-sales contexts. Further, findings from the 2023 Deloitte Global Automotive Consumer Study revealed that modern consumers increasingly prioritize robust after-sales support when choosing an automotive brand, reinforcing the need for effective customer relationship management strategies to build loyalty and sustain market leadership.

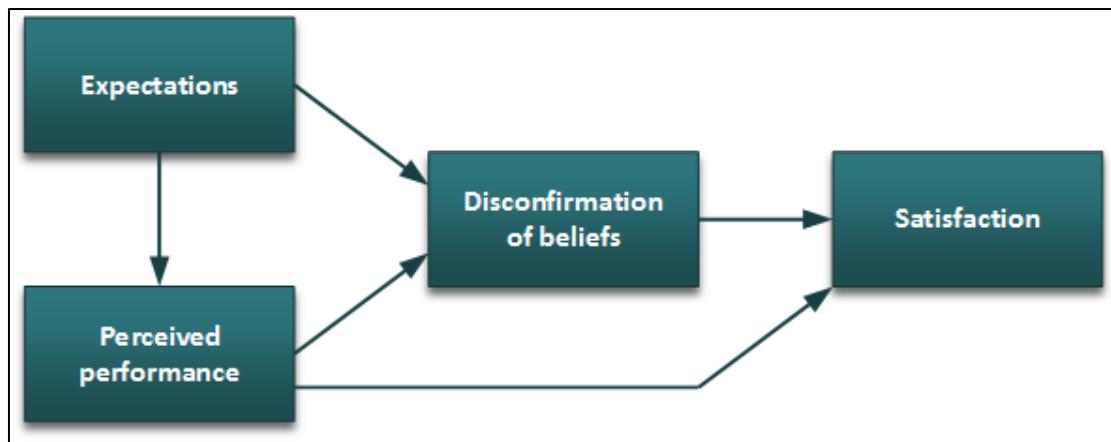
Against this backdrop, the present study investigates the various factors affecting customer retention at Toyota Cebu City, Inc. through a mixed-methods approach combining quantitative and qualitative data. The study aims to generate actionable recommendations for enhancing customer loyalty by examining customer satisfaction levels, assessing the impact of service quality, and exploring the perspectives and lived experiences of line managers.

## 2. Theoretical Framework

This study is premised upon two modern theories which form a strong basis for understanding customer retention and the major determinants in the automotive industry, particularly in the case of Toyota Cebu City, Inc. First, there is the SERVQUAL model of service quality originally developed by Parasuraman, Zeithaml, and Berry. The SERVQUAL model, which continues to be validated and relevant, has more-recent applications and validations such as those of Ali et al. (2021) and Nguyen et al. (2020). The five dimensions tangible-in the model-reliability, responsiveness, assurance, and empathy significantly influence customer perceptions of performance in service and ultimately, satisfaction, and consequently, loyalty to a particular brand or provider. In this study, SERVQUAL provides the framework through which perceptions on the quality of after-sales service at Toyota Cebu City are understood by their customers and how such perceptions affect their intention to continue patronizing the company.



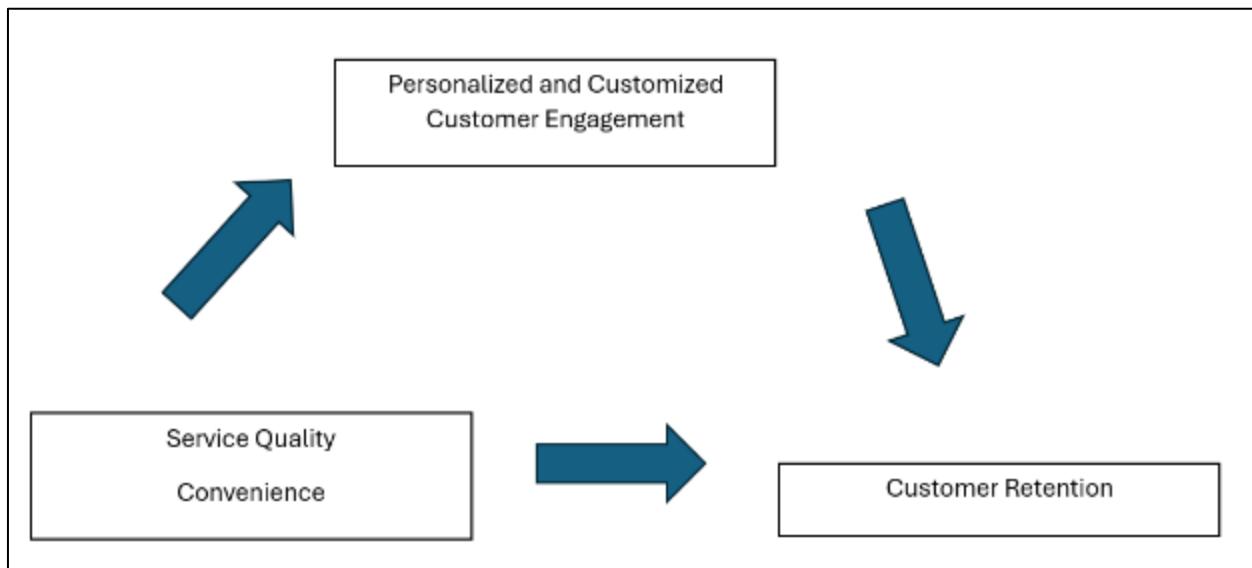
**Figure 1** Service Quality (SERVQUAL) model



**Figure 2** Expectation-Confirmation Theory (ECT)

Expectations-Confirmation Theory (ECT) which was held up recently and extended further in recent studies, for example, by Shahid Iqbal et al., 2022; Ladhari et al., 2020. According to the same theory, customer satisfaction results from service performance meeting or exceeding expectation levels from customers. The same is a powerful predictor of loyalty, resulting in a customer repurchasing or continuing to use a service. Thus, applying it to the dealership scenario, the theory endorses the notion that good after-sales experiences will result in better customer satisfaction and higher probabilities of long-term loyalty and retention. Basically, these two theories will provide holistic theoretical grounds in understanding the factors impacting customer retention at Toyota Cebu City.

### 3. Conceptual Framework



**Figure 3** Conceptual Framework

This frames the structural model of hypothesized relationships among the three top constructs of customer retention originating from Toyota Cebu City, Inc. The first two constructs are service quality and convenience-. The latter constructs lay the foundation of the customer experience. Service quality would capture all the strong points necessary for a dealership in consistently delivering promised services, showing competence, and having an attractive and well-managed environment. Convenience includes easy access, short wait times, and appointment flexibility; in other words, convenience is about all things relative to the service that concern customers. Both directly impact customer retention in terms of initial impressions, satisfaction, and trust in the dealership.

This framework also recognizes that only these core service attributes would not guarantee lasting loyalty in a competitive post-pandemic automotive market. Thus, personalization and customization of customer engagement

become the centering factor within this framework as a moderating and enabling factor. The implication is that, even with quality service and high-level convenience, there would still be more proactive engagement and further improvement in the form of tailored communications, targeted loyalty programs, digital interaction, and a personal-relationship approach to really maximizing the impact on customer retention. Inherent to personalized engagement are emotional connections, trust, and a sense of value above the transactional, thereby amplifying the positive effects of top-quality service and convenience into retention. The arrows in the model indicate a directional effect: both service quality and convenience feed into customer retention, but their effectiveness is made stronger and directed through personalized customer engagement catalytic. The reason for this fixed position afforded to customized engagement emphasizes the dealerships of today—that the ways and means must go beyond traditional customer service and adopt relationship-based, customized techniques for keeping customers loyal and coming back. It is framed holistically overall—an excellent service and convenience, and yet an indispensable part of that being augmented by proactive relationship-based approach engagement efforts to fulfill a complete avalanche to long-term customer retention.

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## **4. A theoretical Stance and Philosophical Assumptions**

### **4.1. Theoretical Stance**

The theoretical stance of the study "*Customer Retention in the Automotive Industry: A Qualitative Study*" is rooted in *Epistemological Constructivism*. This perspective positions knowledge as actively constructed by individuals based on their subjective experiences, interpretations, and interactions.

The study acknowledges the *dynamic and multifaceted nature of customer retention* in the *automotive industry*, asserting that the understanding of this phenomenon is not an objective discovery but rather a complex construction shaped by the perceptions and engagements of various stakeholders.

### **4.2. Philosophical Assumptions**

The study employs a qualitative research design based on foundational ontology, epistemology, axiology, methodology, and rhetorical principles. These philosophical foundations serve as a framework for comprehending the research approach employed in this study. By expanding on these foundations, the research tries to establish a deeper understanding of the subject matter by utilizing a robust and complete approach that takes into account the issue's complexity and nuance. The purpose of this study is to give a rigorous and insightful examination of the topic by applying a qualitative methodology based on well-established philosophical ideas. The ontological perspective in the context of coaching refers to the fundamental characteristics of coaching as well as the presumptions and beliefs that motivate coaching practice regarding the nature of people, relationships, and the environment.

**Ontological Assumption.** The research is based on the premise that maintaining customers in the automobile sector is not a unidimensional and context-independent phenomena but rather a complex and diverse occurrence. It is generally accepted that reality may be interpreted in a variety of ways, with various stakeholders holding a variety of conceptions on what constitutes efficient customer retention.

**Epistemological Assumption.** The epistemological premise of constructivism, which asserts that knowledge regarding customer retention is actively produced by people via the interactions and experiences they have, serves as the basis for the research presented here. The researchers are aware of the subjectivity that is inherent in the process of analyzing customer retention, and they want to capture the different opinions of consumers as well as experts working in the business.

**Axiological Assumption.** The study recognizes, from an axiological point of view, the importance of values and biases in the research process. Researchers are open and honest about their morals and any possible biases they may have since they are aware that such considerations might play a role in how data is interpreted. The purpose of the research is to provide a comprehensive and well-rounded comprehension of customer retention that takes into account the perspectives of both the researchers and the participants.

**Rhetorical Assumption.** The research makes use of a rhetorical assumption that places an emphasis on rich narratives that are relevant to their setting. The researchers want to do this by collecting the voices of the participants and the lived experiences of the participants using qualitative research techniques such as interviews and focus groups. The transmission of information is seen as a narrative composition that represents the complicated nature of repeat business with existing clients.

**Methodological Assumption.** The study follows the guidelines for doing qualitative research in terms of methodology. In order to collect information that is both in-depth and contextually relevant, the researchers make use of methodologies such as interviews and content analysis. For the purpose of developing an all-encompassing comprehension of customer retention, the primary focus is on the investigation of the individual points of view held by consumers and specialists in the business.

Coaching in grassroots sports goes beyond teaching techniques or offering tactical advice; it involves fostering meaningful human connections and supporting personal growth, a view aligned with the ontological stance (Mills, 2021). This perspective recognizes that every athlete brings unique experiences, goals, and capabilities, and thus, coaching becomes a relational practice aimed at both immediate and long-term development (Choi et al., 2013; Gels, 2017; Li et al., 2021). It assumes that athletes can grow and transform through relationships with coaches who support their autonomy and guide their decision-making processes. Coaching also reflects underlying values and beliefs that shape behaviors (Lyle & Cushion, 2017), influenced by broader sociocultural contexts such as culture, gender, and ethnicity (Brinton et al., 2017). Therefore, no universal approach fits all, and the coach's ability to foster trust, understanding, and mutual respect becomes critical. Philosophical coaching seeks to explore how coaches perceive and respond to their environment, shaping both their practices and their athletes' development (Shabi & Whybrow, 2018).

From an axiological perspective, grassroots coaching is rooted in the values and principles that guide ethical practice (Kulinska, 2016; Brown, 2020). This includes creating inclusive, safe spaces that support social interaction, skill-building, and personal growth, welcoming individuals regardless of age, gender, ability, or background (Trabal, 2014). Beyond physical skill, coaching aims to cultivate character, encouraging attributes like self-confidence, discipline, and resilience (Coakley, 2011). Enjoyment is also essential; grassroots coaches strive to instill a lifelong love for sport in their athletes (North, 2007). Skill development through repetition and practice is emphasized, as coaches help athletes push their limits and expand their capabilities (Serrano et al., 2013). At the same time, sportsmanship remains a core value—coaches encourage fairness, teamwork, and mutual respect, working to build environments grounded in trust and collaboration (Dailey, S.).

Epistemologically, grassroots coaching prioritizes experiential learning and knowledge gained through practice. Coaches often work with novices, helping them understand the game through trial and error (Yldzer, 2020). This requires an adaptive learning environment, shaped by the athletes' cultural and personal backgrounds (Serrano et al., 2013). Given the often limited resources at this level, grassroots coaches must be proactive in their professional development, emphasizing hands-on learning and contextual knowledge acquisition (Taylor et al., 2014).

From a rhetorical standpoint, effective communication is central to coaching. Coaches must use language strategically to support, instruct, and inspire. This includes employing active listening, open-ended questions, and detailed, constructive feedback (West, 2016). Building rapport and trust through communication is essential, especially when working across diverse cultural and linguistic contexts (Shank, 2015). The rhetorical approach highlights the power of language in shaping relationships and personal development within the coaching process.

Phenomenology, meanwhile, focuses on understanding individual experiences and consciousness. It values subjective meaning and stresses the importance of setting aside preconceptions to engage authentically with others' lived experiences (Smith, 2018). In this study, the researcher applies transcendental phenomenology to explore the personal journeys of grassroots coaches, particularly Line Managers at Toyota Team Cebu. The goal is to understand not just events but the deeper meanings coaches attach to their experiences. Through ontological, axiological, and epistemological lenses, the study uncovers how beliefs, values, and knowledge shape coaching practices and athlete development. The researcher, fully engaged in the process, investigates how coaches form relationships and cultivate both performance and character in their athletes—turning “zero to hero” stories into meaningful developmental narratives.

The study sets out to explore the various factors that influence customer retention at Toyota Cebu City, Inc., employing a mixed-methods approach that integrates both quantitative and qualitative research techniques. The primary goal is to understand how different dimensions of customer experience impact loyalty and continued patronage in the post-pandemic automotive landscape. On the quantitative side, the research aims to assess customer perceptions regarding three key variables: customer satisfaction, customer retention, and six core service components—namely, service quality, convenience, pricing, employee competence, facility cleanliness, and after-sales support. Furthermore, the study investigates the relationship between these service elements and customer retention, as well as the link between overall satisfaction and retention levels.

In parallel, the qualitative component delves into the lived experiences of line managers at Toyota Cebu City, Inc., seeking to uncover practical insights and real-world strategies they employ to retain customers. These narratives are expected to enrich the quantitative findings and form the backbone of a strategic customer retention model designed specifically for the automotive industry in Cebu.

The significance of this research spans several stakeholders. For professionals in the automotive sector—especially line managers and executives—the study promises to deliver actionable insights that can inform effective customer engagement strategies and help improve competitiveness. For Toyota itself, the resulting strategic model offers a roadmap for fostering long-term customer relationships and sustaining business growth.

Policymakers and regulatory authorities may also find the research valuable, as the findings could inform policy decisions that support a more favorable business climate for automotive enterprises. Students of automotive and business disciplines stand to gain a deeper understanding of customer retention dynamics, enriching their academic perspective and possibly inspiring further research.

On a local level, the study contributes to the economic development of Cebu City by addressing challenges unique to the region's automotive sector. It also carries implications for the global automobile industry, offering a contextualized view of customer retention practices in the post-pandemic era.

For the researcher, who is both a human resource student and a customer service practitioner, the project provides an opportunity to better understand customer behavior and learn effective retention strategies—insights that can enhance their own career in customer relations. Additionally, the study offers a useful foundation for future researchers interested in exploring employee motivation and retention within similar industries.

At the heart of the study is an in-depth examination of six core service dimensions. These include service quality (the reliability and availability of service offerings), convenience (ease of access, appointment setting, and wait times), pricing (clarity, fairness, and value perception), employee competence (staff professionalism and technical skills), facility cleanliness (maintenance and appearance of the service environment), and after-sales support (warranty follow-ups, communication, and ongoing customer assistance). Each of these elements is evaluated for its impact on customer satisfaction and loyalty.

The ultimate output of the research is a Strategic Customer Retention Model, which synthesizes the study's findings into a practical framework. This model outlines the relationships among the examined variables and presents strategic approaches, actionable tactics, and best practices that automotive companies can adopt to improve customer loyalty amid changing market conditions.

## 5. Literature review

Customer satisfaction has long been recognized as a key indicator of business sustainability, particularly in highly competitive sectors such as the automotive service industry. Defined by Kotler and Keller (2016) as the extent to which service performance meets or exceeds customer expectations, the concept of satisfaction has evolved significantly in the post-pandemic era. Customers today demand not just quality service but also safety, transparency, and responsiveness. Gupta and Raman (2022), in their study of 400 automotive customers in Bangalore, emphasized that after-sales interactions—such as employee behavior, service lead time, process transparency, and pricing fairness—play a critical role in shaping both customer perceptions and long-term loyalty. This is supported by the 2022 Saur Energy Automotive Service Study, which found that active engagement by service advisors increased satisfaction scores by 25 points, while failures in responsiveness reduced them by as much as 22 points. Similarly, the J.D. Power India Customer Service Index (CSI) for 2021–2022 indicated that pre-service practices like multi-point inspections and accurate time estimates improved satisfaction and service revenue (J.D. Power, 2022).

Local research adds further weight to these findings. Garcia and De Guzman (2021), using Structural Equation Modeling at Toyota Dasmariñas-Cavite, demonstrated that among the SERVQUAL dimensions, only reliability and empathy had a statistically significant positive effect on satisfaction. This reinforces the idea that consistent service performance and emotionally intelligent interaction are more valuable than superficial or purely tangible service factors. On a broader scale, the 2022 Forrester India Customer Experience Index ranked Toyota highest among automotive brands, highlighting that emotionally positive interactions—those characterized by respect, understanding, and care—have the strongest impact on trust, satisfaction, and return intentions (Forrester, 2022). Collectively, these studies confirm that customer satisfaction is not only a result of effective service delivery but also of meaningful emotional engagement, positioning it as a critical mediator in the customer retention process.

Customer retention, in turn, is strongly influenced by the levels of satisfaction established through service interactions. Post-pandemic shifts in expectations have amplified the importance of clear communication and proactive service. As Gupta and Raman (2022) noted, even small procedural improvements can greatly enhance satisfaction and subsequent loyalty. This is further validated by the J.D. Power (2022) and Saur Energy (2022) studies, which highlighted the measurable impact of service estimates and pre-communication practices on customer retention. Garcia and De Guzman (2021) again underlined the roles of reliability and empathy, while Forrester (2022) reaffirmed that emotionally rich experiences drive repeat business and positive word-of-mouth. These insights demonstrate that effective retention strategies must encompass not only the tangible aspects of service but also the emotional and relational elements that build long-term customer engagement.

Service quality remains a foundational element in both satisfaction and retention. Traditionally defined as the capacity to meet or exceed expectations through functional and interpersonal delivery (Parasuraman et al., 1988; Grönroos, 2001), its importance has only grown. In a 2021 study across Toyota service centers in Malaysia, Rahim and Subramaniam (2021) found that timely and accurate service, free of errors, was the most critical driver of positive customer perceptions. The SERVQUAL model has been extensively validated in this context. In Saudi Arabia, Alshammary and Khan (2022) confirmed that all five SERVQUAL dimensions—tangibles, reliability, responsiveness, assurance, and empathy—were strong predictors of satisfaction and retention. Similarly, Putra and Gunawan (2023) in Indonesia identified staff courtesy, accuracy, and customer-oriented behavior as important, especially for Gen Z and millennial consumers who value relational service over transactional interaction. In India, Mishra and Sharma (2022) observed that assurance—stemming from competence and honesty—helped reduce anxiety associated with high-cost services. The integration of digital tools, as noted in the AutoTech Insights Report (2022) and earlier by Mitchell et al. (2012), has further improved perceptions of service quality through mobile notifications, service history tracking, and online payment systems. These developments suggest that service quality today includes not only traditional components but also digital accessibility and emotional resonance.

Convenience has also emerged as a vital factor in the customer experience equation. Defined by Berry, Seiders, and Grewal (2002) as the ease with which a service can be accessed and used, convenience now encompasses digital touchpoints, time-saving mechanisms, and seamless interactions. Arora and Sahni (2021) reported that ease of booking, proximity of service centers, and efficient scheduling all positively affect satisfaction and repeat patronage. The J.D. Power India CSI (2022) study revealed that fast check-in and digital follow-up resulted in significantly higher satisfaction scores. Nguyen et al. (2022) further noted that urban customers appreciated express services, mobile servicing vans, and digital updates, which enhanced dealership professionalism. Kumar and Joshi (2023) found that younger customers value convenience more than pricing, prioritizing minimal paperwork and clear processes. McKinsey & Company (2021) confirmed that post-COVID expectations have shifted toward low-contact, tech-enabled service models. These studies clearly show that convenience has evolved from a secondary benefit into a core expectation, especially in a market like Cebu.

Pricing, too, has become a strategic determinant of satisfaction and retention. Customers today emphasize clarity and fairness over mere affordability. Yadav and Raut (2021) stressed that itemized billing and cost transparency build trust and positively influence satisfaction. Alnaser et al. (2022) demonstrated that value-based pricing often trumps lower costs in promoting customer loyalty, as long as customers perceive the service to be worth the price. The J.D. Power After-Sales Satisfaction Index Report (2022) showed that inadequate communication of pricing reduced satisfaction by 30 points. Proactive pricing strategies—explaining cost differences and providing clear estimates—consistently led to higher retention rates. The ASEAN Automotive Service Alliance (2023) observed a generational divide, where younger customers favored transparent pricing and digital payment options, while older customers leaned towards discounts. Patel and Tandon (2021) highlighted the emotional component, where surprise or ambiguous charges caused greater dissatisfaction than even technical errors. Thus, pricing strategies that emphasize clarity, consistency, and perceived value play a crucial role in maintaining trust and loyalty.

Employee competence, encompassing both technical proficiency and interpersonal acumen, remains a major contributor to satisfaction. Singh and Yadav (2022) found that knowledgeable and engaging employees enhanced customer experiences, especially when advisors provided clear explanations and tailored recommendations. AlZahrani et al. (2021) revealed that training and certification positively influenced repeat business, particularly with emerging technologies like hybrid and electric vehicles. The Forrester 2022 India CX Index also showed that soft skills such as empathy and accountability are equally important, especially during breakdowns or disputes. Miah and Karim (2023) found that diagnostic errors and poor communication reduced repeat business by 37%, while accurate and transparent communication boosted retention—even at slightly higher prices. Cruz and Santos (2021) emphasized the importance of cultural sensitivity in the Philippine context, where courteous and respectful behavior builds trust. These findings

affirm that both technical skill and emotional intelligence are necessary for a well-rounded and customer-centric service workforce.

Facility cleanliness, while often overlooked, has gained renewed importance, particularly in the context of heightened hygiene awareness post-COVID. Omar and Azmi (2022) found that clean and organized facilities positively influenced customer perceptions of safety and professionalism, with 78% of respondents citing cleanliness as a trust factor. The 2021 J.D. Power Asia Pacific CSI study reinforced this, linking cleanliness to high satisfaction ratings and pointing to its significance among female and family-oriented customers. Reyes and Gonzales (2023) noted that clean, welcoming lounges increased referral likelihood by 42% in urban centers like Metro Cebu. According to Lee and Jeong (2022), using the Stimulus-Organism-Response (S-O-R) model, cleanliness influences emotional states such as comfort and trust, which lead to higher satisfaction and spending. Al-Farsi et al. (2023) added that visible sanitation efforts were top determinants for returning customers during health crises. Clearly, cleanliness is now a core expectation, symbolizing care, attention to detail, and brand integrity.

After-sales support also plays a crucial role in fostering customer loyalty. Al-Gasawneh et al. (2022) found a strong correlation between structured after-sales support and satisfaction ( $r = 0.68$ ), while Kumar and Rout (2023) concluded that post-service interactions had greater influence on repeat purchases than initial service quality. The Forrester CX study (2021) showed that dealerships with robust follow-up mechanisms experienced 18% higher loyalty. Santos and Dizon (2022) demonstrated that text updates, check-ins, and warranty assistance increased return rates by 20–25% in Toyota dealerships in Luzon. The 2023 PwC Automotive Trend Report highlighted the growing role of mobile apps, chatbots, and real-time tracking in enhancing perceived support. Hashim and Lim (2022) further underscored the emotional impact, showing that empathetic and timely aftercare built lasting customer bonds. In this way, after-sales support—especially when proactive, digital, and emotionally aware—becomes not just a service add-on but a core component of customer relationship management.

The interrelationship among these variables is well-supported in the literature. Alhaddad et al. (2022), using Structural Equation Modeling with 500 Saudi participants, found that service quality, pricing, and professionalism significantly influenced satisfaction ( $\beta = 0.76$ ,  $p < 0.001$ ), which in turn mediated customer retention ( $\beta = 0.58$ ,  $p < 0.01$ ). Santos and Morales (2021) found similar results in Metro Manila, where convenience, transparency, and employee competence explained 72% of satisfaction and 64% of retention behaviors. Singh and Malhotra (2023) observed that variables like cleanliness and after-sales support gained stronger influence when filtered through satisfaction. The 2023 Forrester Automotive CX Study confirmed that dealerships with high satisfaction levels in multiple service dimensions retained 40% more customers within a year. Rahman and Sinha (2022), in a meta-analysis of 35 studies, reported that 60% of customer retention outcomes were mediated by satisfaction. Emotional and relational elements—such as empathy and communication—also proved vital, as evidenced by Choudhary & Gupta (2021) and Hashim & Lim (2022). These studies confirm that satisfaction is the central mechanism connecting operational excellence with customer loyalty.

Synthesizing the findings, it is evident that no single service attribute guarantees retention; rather, the cumulative effect of the six service elements—service quality, convenience, pricing, employee competence, facility cleanliness, and after-sales support—determines satisfaction. This satisfaction, in turn, is the strongest predictor of customer retention, the cornerstone of long-term business success. Thus, the present study is strongly grounded in literature that affirms a multidimensional and integrated model of customer loyalty within the automotive dealership setting.

## 6. Research methodology

The study utilized a mixed-methods design, specifically a sequential explanatory strategy, in which data collection and analysis occurred in two distinct phases. The quantitative phase came first and employed descriptive correlational research to explore the relationships between key service dimensions—namely service quality, accessibility and convenience, pricing, employee competence, facility cleanliness, and after-sales support—and their influence on customer satisfaction and retention at Toyota Cebu City, Inc. A structured survey was administered to assess customer perceptions and to statistically determine the strength and direction of these relationships. This initial phase established baseline insights into which factors most significantly influence customer loyalty.

Building on the quantitative findings, the study moved to a qualitative phase designed to provide contextual understanding and deeper interpretation of the data. An Interpretative Phenomenological Analysis (IPA) approach was employed to explore the lived experiences of line managers within the dealership network. This phase sought to uncover how these managers make sense of their day-to-day challenges and strategies in retaining customers, especially in the changing dynamics of a post-pandemic automotive market. Through in-depth interpretation of real-world practices, the

qualitative data served to enrich and explain the patterns identified in the survey, leading to a more holistic understanding of customer retention.

This integrated design enabled the researcher to first identify which service dimensions affect customer retention quantitatively, and then explore, through qualitative inquiry, how and why these variables exert their influence. The combination of both methods supports the development of experience-based, practical recommendations to enhance customer loyalty strategies at Toyota Cebu City, Inc.

The research was conducted within the operational context of Toyota Cebu City, Inc., a prominent dealership with a significant presence in Cebu's automotive industry. As a key player in the regional market and an economic contributor, the dealership provides an ideal case study for investigating post-pandemic consumer behavior and retention strategies. The research also extended to other affiliated branches under the Toyota Team Cebu umbrella: Toyota Mandaue South, Toyota Mandaue North, Toyota Lapu-Lapu, and Toyota Talisay, ensuring that the findings could reflect broader patterns and be transferable to other dealership contexts.

In terms of participant selection, maximal variation sampling was used in the qualitative phase to ensure a diverse range of experiences and perspectives. For the quantitative component, the sample size was calculated using the Cochran formula, a standard statistical method to ensure representativeness and robustness. A rounded sample of 30 customer respondents was determined for the survey phase to provide generalizable results. For the qualitative phase, 10 participants were selected—comprising five line managers (one from each major branch) and five customer participants, also one from each branch—thereby offering a holistic view of the customer retention landscape from both managerial and consumer perspectives.

Inclusion criteria were carefully established for both groups. Line managers were required to have at least three years of service, to have worked in at least two different branches or units, and to provide informed consent for participation. They also needed to be capable of engaging in in-depth interviews related to retention strategies. If data saturation had not been achieved with the initial group, additional eligible participants would have been included. For customer participants, the criteria included having received services from 2022 through Q1 of 2024, being between 30 and 50 years of age, and having purchased at least two new Toyota vehicles during that period. These criteria ensured participants represented an active, mature consumer segment with substantial engagement in the dealership's service processes. Based on Patton's (2002) concept of "information-rich" participants, these individuals were expected to offer meaningful and diverse insights into their experiences with service quality, satisfaction, and loyalty strategies across different Toyota Cebu branches.

This study employed a mixed-methods research design to explore and understand the factors influencing customer retention at Toyota Cebu City, Inc. The research integrated both quantitative and qualitative approaches to provide a comprehensive view of customer satisfaction, loyalty, and service delivery. The quantitative phase involved a self-administered survey, adapted from validated scales, aimed at measuring customer satisfaction, retention, and perceptions of six core service elements: service quality, convenience, pricing, employee competence, facility cleanliness, and after-sales support. Responses were gathered using a five-point Likert scale, along with demographic data. Prior to implementation, the survey instrument was tested for validity and reliability to ensure consistency and relevance. In the qualitative phase, a semi-structured Key Informant Interview (KII) guide was utilized to gather insights from line managers regarding strategic responses to customer retention challenges. These interviews were audio-recorded (with participant consent), transcribed verbatim, and subjected to thematic analysis. The use of both tools—surveys and interviews—allowed for the integration of statistical data with rich contextual narratives, forming a holistic understanding of the dealership's customer retention dynamics.

Pre-data collection procedures included finalizing the research proposal based on panel recommendations, securing approval from the adviser, evaluation panel, and the dean, and submitting it to the Research Evaluation Committee for the issuance of the Notice to Proceed. Once approval was granted, the researcher formally requested permission from Toyota Cebu City's General Manager and branch managers to conduct the study. Ethical clearances were also secured before beginning the data collection.

Quantitative data collection involved administering the survey to eligible customers of Toyota Cebu City, Inc. The instrument was distributed both face-to-face at dealership branches and digitally via secure platforms, beginning in December 2023. Participants were informed of the study's purpose, provided with consent forms, and assured of their rights, anonymity, and data confidentiality. The data collected were later analyzed statistically to identify trends and relationships between service dimensions and retention outcomes.

Qualitative data collection included Key Informant Interviews (KII) and Focus Group Discussions (FGDs) with line managers and selected executives from various Toyota Cebu branches. Customers were intentionally excluded from the qualitative phase based on methodological design. The semi-structured interview guide used was based on validated protocols (Creswell, 2007; Rubin & Rubin, 2012; Krueger & Casey, 2009), covering four categories of questions—introductory, transitional, key, and closing. Interviews were conducted in-person or online depending on participant availability, with each session lasting approximately one hour. FGDs were held in neutral venues, such as dealership boardrooms, where participants were arranged in circular formations to encourage open interaction. Conversations were recorded, transcribed, and analyzed thematically, continuing until data saturation was reached—when no new insights emerged.

Post-data collection, interview recordings were transcribed using Otter.ai. Transcripts were securely stored and password-protected, with all data to be deleted either upon study publication or within one year. Thematic analysis followed Colaizzi's phenomenological method, including familiarization with the data, extraction of significant statements, meaning formulation, clustering, and the generation of a comprehensive description. Member checking was also employed to validate the interpretations made by the researcher.

The mixed-methods design supported triangulated analysis. Quantitative data were processed using SPSS or Microsoft Excel. Descriptive statistics such as frequencies, percentages, means, and standard deviations were used to profile respondents and evaluate service performance. Inferential statistics including correlation and multiple regression analysis helped determine the predictive strength of each service dimension on customer retention. Prior to this, the researcher tested assumptions of normality, linearity, homoscedasticity, and multicollinearity. Internal reliability was confirmed using Cronbach's alpha.

The qualitative data from KII were analyzed using Colaizzi's approach, supplemented with field notes for deeper context. These findings provided experiential and managerial perspectives on the themes emerging from survey data. This integration of quantitative patterns and qualitative narratives allowed for a strategic and operationally relevant understanding of customer loyalty mechanisms.

To ensure trustworthiness, the study adhered to established criteria: credibility, transferability, confirmability, and dependability. Credibility was ensured through informant validation, debriefings, and probing questions. Transferability was achieved by providing thick descriptions and field notes, allowing findings to be applicable to similar settings. Confirmability was addressed through an audit trail, which documented each analytic decision using participant codes, question references, and transcript lines. Dependability was supported by involving an external content expert for an inquiry audit, ensuring consistency and replicability of findings.

The study upheld participants' privacy, rights, and confidentiality. Informed consent was obtained from all participants. Data collection tools were designed to avoid overwhelming respondents, and participants were provided with contact information for inquiries. Ethical protocols adhered to principles of respect, beneficence, and justice, with identities anonymized throughout the study. Survey and interview participation was voluntary, and participants had the right to withdraw or withhold information at any time.

Participants received a letter of consent, detailing the study's aims, expected contributions, and data handling procedures. They were oriented either virtually or in person. The data collection period was set for two weeks, with possible extensions if necessary. After participation, they were provided with an electronic copy of the final report. The research, conducted as part of the author's academic requirements, was self-funded, with no conflicts of interest identified. Incentives in the form of tokens were provided in appreciation of participant involvement.

In the event that data could not be gathered online, the researcher committed to conducting interviews personally, still upholding data privacy and consent. Minimal risks were anticipated, including economic or social risks due to digital access and time. These were mitigated through brief, respectful sessions and carefully crafted, non-intrusive questions. Should psychological or social needs arise, participants would be referred to appropriate support services.

The expected benefit of the study is the development of a customer retention model for Toyota Cebu City, Inc., which can serve as a basis for future strategy, employee recognition, and customer engagement programs. This model is also envisioned to contribute to theoretical and practical advancements in the local automotive service sector.

Participant selection was based on strict inclusion criteria, ensuring a voluntary, unbiased process free from coercion. The study followed the University of the Visayas Institutional Review Board (UV-IRB) guidelines. All collaboration terms were aligned with the official Notice to Proceed and accompanying Certification of Agreement. Final oversight and

ethical compliance were maintained by the UV-IRB to ensure the research upheld institutional, professional, and ethical standards.

## 7. Results and discussion

### 7.1. Quantitative Results on the Customer Satisfaction Level, Customer Retention Level, Level of the Six Core Services and Relationship between Retention Level and Six Core Services

**Table 1** Demographic Profile of the Customer Respondents in the Quantitative Component

Characteristic	Category	Frequency (f)	Percentage (%)
Gender	Male	16	53.3
	Female	14	46.7
Age (years)	18-25	8	26.7
	26-35	12	40
	36-45	7	23.3
	46 and above	3	10
Years of Experience	Less than 1 year	5	16.7
	1-3 years	10	33.3
	4-6 years	8	26.7
	More than 6 years	7	23.3
Position/Occupation	Student	6	20
	Employed (non-automotive)	10	33.3
	Employed (Automotive)	9	30
	Self-employed/Other	5	16.7

Table 1 indicates that the customer respondents were nearly evenly split by gender, with 53.3% male and 46.7% female participants. Most respondents were aged between 26 and 35 years (40%), followed by 18-25 years (26.7%), indicating a relatively young customer base. Regarding experience, 50% of respondents had up to 3 years of experience with automotive products or services, while nearly a quarter had more than 6 years, reflecting a mixture of both new and experienced customers. Participants' occupations were diverse, with one-third employed outside the automotive sector, 30% employed within the automotive industry, 20% students, and the remainder self-employed or in other roles. This demographic distribution provides a broad perspective on customer retention factors across different age groups, experience levels, and occupational backgrounds, enhancing the generalizability of the quantitative findings.

**Table 2** Customer Satisfaction Level

Indicators	Mean	SD	Interpretation
<i>My recent experiences with the automotive industry have left me feeling very satisfied.</i>	3.50	0.51	Very Satisfied
<i>I am pleased with the level of customer care provided by automotive businesses.</i>	3.50	0.51	Very Satisfied
<i>The timeliness of service delivery in the automotive industry is acceptable.</i>	3.43	0.68	Satisfied
<i>Communication and transparency from automotive service providers are satisfactory.</i>	3.47	0.51	Satisfied
<i>I am confident in the technical expertise and skills of service professionals in the automotive industry.</i>	3.47	0.51	Satisfied
OVERALL	3.47	0.39	Satisfied

SCALE: 4.00-3.50:Very Satisfied; 3.49-2.50: Satisfied; 2.49-1.50: Dissatisfied; 1.49-1.00: Very Dissatisfied

Table 2 presents the mean values of customer satisfaction in the automotive industry. When examining specific aspects of customer satisfaction within the automotive industry, two indicators emerge as particularly strong: customers' satisfaction with their recent experiences and the level of customer care provided both received mean scores of 3.50, placing them in the "Very Satisfied" category. This demonstrates that customers generally feel valued and well-supported by automotive businesses. Meanwhile, confidence in the technical expertise of service professionals and the transparency of communication both scored slightly lower at 3.47, which is still considered "Satisfied" but indicates there is room for improvement in these areas. Notably, the timeliness of service delivery received the lowest score among the measured indicators at 3.43, suggesting that while customers are content with this aspect, they are less impressed by the speed of service compared to other elements of their experience. These findings highlight that automotive businesses perform well in customer care and service quality but could further enhance satisfaction by focusing on improving communication, technical support, and especially the speed at which services are delivered.

Generally, the overall mean on customer satisfaction was rated 3.47, interpreted as Evident. This points out that customers are generally satisfied with the automotive industry. This suggests that while most expectations are being met, further improvements especially in timeliness, communication, and technical expertise can improve satisfaction to an even higher level.

In the literature, much evidence exists to substantiate these findings that service quality and customer satisfaction are among the very critical determinants of customer loyalty in the automotive industry. Among the researchers exploring these effects, some, like Terre and Almario (2024), utilize the SERVQUAL model which identifies tangibility, reliability, responsiveness, assurance, and empathy as the main determinants for satisfaction and retention, while others, like Oliver (1999), use Expectation-Confirmation Theory to state that satisfaction arises from either the fulfillment or exceeding of expectations, thereby sowing the seeds for loyalty and repurchase behavior. Yet other recent works, such as those of Mohd-Ramly et al. (2021) and Del Rosario and Santos (2022), have begun to consider post-sales service quality-such as technical competence, communication, and responsiveness-expected to predict return business as opposed to customer advocacy of the firm. The contradiction of Choudhury and Ghosh (2023) above-mentioned with regard to digital innovations-sure to increase this satisfaction by making the process itself more transparent and convenient at all stages and touchpoints in the journey-will only re-affirm the use of other such by-products.

All solid performances must ultimately result in continuing improvement on all grounds of service delivery, especially in dealing with communication, technical know-how, and timeliness-the tools needed to grow and drive customer satisfaction and retention in highly competitive markets.

**Table 3** Customer Retention Level

Indicators	Mean	SD	Interpretation
I am likely to recommend my current automotive provider to friends or family.	3.73	0.45	Very Good
The relationship I have with the staff or representatives of my automotive service provider encourages me to stay.	3.70	0.47	Very Good
The loyalty programs my current automotive provider offers contribute to my decision to stay with them.	3.43	0.63	Good
The convenience of online services and easy appointment scheduling affect my decision to remain with my provider.	3.47	0.57	Good
Additional services, such as complimentary car washes or shuttle services, enhance my satisfaction and loyalty.	3.53	0.57	Very Good
The level of customization and personalization in services increases my loyalty to my automotive provider.	3.53	0.57	Very Good
Various service-related factors have influenced my decision to switch to a different provider.	2.47	1.17	Fair
My automotive service provider's overall value for money influences my decision to remain a customer.	3.53	0.57	Very Good
<b>OVERALL</b>	<b>3.43</b>	<b>0.40</b>	<b>Good</b>

SCALE: 4.00-3.50: Very Satisfied; 3.49-2.50: Satisfied; 2.49-1.50: Dissatisfied; 1.49-1.00: Very Dissatisfied

Table 3 displays the mean values of customer retention indicators within the automotive industry. Among the various factors considered, certain elements are especially influential in shaping customer loyalty. The statement "I am likely to recommend my current automotive provider to friends or family" achieved the highest mean score of 3.73, falling into the "Very Good" category and signaling a high degree of trust and satisfaction among customers. Similarly, the relationship with staff or representatives scored 3.70, also rated as "Very Good," emphasizing that positive interpersonal connections are crucial for retaining customers. Additional services, such as complimentary car washes or shuttle services, along with the level of customization and personalization in services, as well as the provider's overall value for money, all received mean scores of 3.53, reinforcing the importance of these value-added features in fostering loyalty. Meanwhile, loyalty programs and the convenience of online services, with means of 3.43 and 3.47 respectively, are considered "Good," indicating that while they are beneficial, they do not carry the same weight as direct service experiences and extra benefits. Notably, the indicator regarding factors that might prompt a switch to a different provider scored 2.47, interpreted as "Fair," which suggests that customers are generally not inclined to leave their current provider. These results highlight that automotive businesses can most effectively strengthen customer retention by prioritizing excellent staff relationships, offering valuable additional services, and consistently delivering strong value for money.

The overall mean is 3.43 which is interpreted as Good, implying that on average, customers tend to stay on their automotive providers but need to enhance loyalty programs and convenience of services, to further strengthen customer retention and satisfaction.

From literature, it can be argued that relational factors and value addition are essential components for retaining customers within the automotive industry. Homburg et al. (2021) maintain that the formation of emotional bonds between customers and service employees is one of the major boosters for retention. In a similar vein, Goyal and Makkar (2022) attribute personalized services and perceived value-for-money as extremely significant to the endless feeling of loyalty by customers.

Tools and convenience published by Choudhury and Ghosh (2023) seem less to be the core drivers but complements the relational dimension. Again, as noted by Oliver (1999) in his Expectation-Confirmation Theory, retention is not just mediated by satisfaction but also by the trust and emotional commitment of the customer, supported by a consistent delivery of positive experiences and effective loyalty programmes. Together, they testify to the pressing importance of integrating personalized services, strong interpersonal relationships, and convenient digital solutions to retain customers on high competition automotive markets.

**Table 4** Level of the Six Core Services

INDICATORS	Mean	SD	Interpretation
<b>A. Service Quality</b>			
The service center consistently delivers what it promises.	3.73	0.45	Very Good
The staff responds quickly to my service requests.	3.70	0.47	Very Good
Staffs are knowledgeable and trustworthy.	3.43	0.63	Good
The staff understands my specific needs and concerns.	3.47	0.51	Good
The service center has modern equipment and a pleasant environment.	3.43	0.63	Good
<b>OVERALL</b>	3.55	0.41	Very Good
<b>B. Convenience</b>			
The service center is conveniently located near my home or workplace.	3.43	0.63	Good
It is easy to reach the service center by public or private transport.	3.47	0.57	Good
The service center's operating hours are suitable for my schedule.	3.53	0.57	Very Good
Booking a service appointment is easy.	3.50	0.51	Very Good
There is a minimal waiting time for appointment.	3.63	0.49	Very Good
<b>overall</b>	3.51	0.37	Very Good

C. Pricing			
The service center provides clear and detailed explanations of service costs.	3.43	0.50	Good
The prices charged for services are competitive compared to other centers.	3.57	0.50	Very Good
Good value for the money received in spending on services.	3.37	0.49	Good
The service center offers transparent pricing without hidden fees.	3.53	0.51	Very Good
Overall pricing of the services provided is excellent.	3.47	0.51	Good
OVERALL	3.47	0.23	Good
D. Employee Competence			
The technicians demonstrate a high level of technical knowledge.	3.43	0.50	Good
The staff is skilled in diagnosing and fixing vehicle issues.	3.60	0.50	Very Good
Employees are courteous and professional in their interactions.	3.40	0.50	Good
The staff explains technical information in a way I can understand.	3.50	0.51	Good
Employees consistently maintain a professional appearance and attitude.	3.63	0.49	Very Good
OVERALL	3.51	0.23	Very Good
E. Facility Cleanliness			
The service center is clean and well-maintained.	3.63	0.49	Very Good
The equipment and tools appear modern and in good condition.	3.63	0.49	Very Good
The waiting area is tidy and comfortable.	3.53	0.51	Very Good
Restrooms and common areas are kept clean at all times.	3.50	0.51	Very Good
The overall environment feels fresh and uncluttered.	3.57	0.50	Very Good
OVERALL	3.57	0.21	Very Good
F. After-Sales Support			
The service center honors warranty claims promptly and fairly.	3.47	0.51	Good
I receive clear information about maintenance schedules and requirements.	3.53	0.51	Very Good
The after-sales support team is responsive and helpful.	3.50	0.51	Very Good
Follow-up service are provided after repairs.	3.50	0.51	Very Good
Service center handle issues with my vehicle excellently.	3.47	0.51	Good
OVERALL	3.49	0.23	Good

SCALE: 4.00-3.50:Very Satisfied; 3.49-2.50: Satisfied; 2.49-1.50: Dissatisfied; 1.49-1.00: Very Dissatisfied

Table 4 displays the mean values of service quality indicators within the automotive industry. Among the various aspects assessed, the service center's consistency in delivering what it promises and the staff's quick response to service requests stand out, with mean scores of 3.73 and 3.70 respectively, both rated as "Very Good." Staff knowledge and trustworthiness, understanding of customer needs, and the center's modern equipment and pleasant environment are rated as "Good," with means of 3.43, 3.47, and 3.43. The overall mean for service quality is 3.55, which is "Very Good," indicating that customers generally perceive the service center as reliable and responsive, with strong performance in most areas. Service quality remains a core driver of customer satisfaction and retention. According to Parasuraman, Zeithaml, and Berry's SERVQUAL model, dimensions such as reliability, responsiveness, and empathy are key indicators of perceived service quality (Parasuraman et al., 1988; adapted in recent empirical studies such as Kim et al., 2021). Moreover, the responsiveness of staff significantly contributes to customer loyalty in automotive after-sales settings (Sagala et al., 2022). Investment in modern equipment and employee training has also been linked to enhanced service perceptions (Nguyen & Simkin, 2020).

Convenience factors are also highly rated. The service center's location and ease of access by public or private transport are considered "Good," with means of 3.43 and 3.47. Operating hours that fit customer schedules, easy appointment booking, and minimal waiting time are all rated as "Very Good," with means of 3.53, 3.50, and 3.63. The overall mean for convenience is 3.51, falling into the "Very Good" category, highlighting that customers appreciate the center's accessibility, flexibility, and efficient service processes. The findings indicate that keeping waiting time and appointment flexibility as particular strengths is an implication. Therefore, enhancing those and even improving the accessibility of locations will go a long way in ensuring continued high levels of satisfaction. Convenience factors like easy access, appointment flexibility, and location have been highly correlated with levels of customer satisfaction (Berry et al., 2020). Chinomona and Sandada (2021) established that operational convenience is a huge factor affecting customers' behavioral intentions in the automotive service sector. Digital booking and extended service hours help in creating a perception of convenience and are also a competitive advantage (Lee & Lin, 2020).

Pricing is viewed positively, with clear and detailed explanations of service costs rated as "Good" (mean = 3.43), competitive prices as "Very Good" (mean = 3.57), and good value for money as "Good" (mean = 3.37). Transparent pricing without hidden fees is also "Very Good" (mean = 3.53), while the overall pricing of services is "Good" (mean = 3.47). The overall mean for pricing is 3.47, considered "Good," indicating that while customers are generally satisfied with pricing and transparency, there is some room to further enhance perceived value. The findings describe that competitive pricing and transparency are strengths while perceived value could be enhanced. This implies that offering clearer value propositions or promotional benefits may further increase customer contentment. The basis for customer satisfaction has always been the convenience factors of easy access, flexible appointment schedules, and location (Berry et al., 2020). Chinomona and Sandada (2021) found that operational convenience significantly influences customers' behavioral intentions in the automotive service industry. Importantly, digital booking and extended service hours enhance perceived convenience and offer further competitive advantage (Lee & Lin, 2020).

Employee competence is a key strength. Technicians' technical knowledge is rated as "Good" (mean = 3.43), while their diagnostic and repair skills are "Very Good" (mean = 3.60). Employees are courteous and professional ("Good," mean = 3.40), and they explain technical information clearly ("Good," mean = 3.50). Maintaining a professional appearance and attitude is rated as "Very Good" (mean = 3.63). The overall mean for employee competence is 3.51, which is "Very Good," reflecting high standards in both technical and interpersonal skills. The findings reveal that while professionalism and diagnostic ability are strong points, technical communication may lack clarity. This suggests that another program could be put in place that would train staff in simplifying technical explanations for more customer understanding and satisfaction. Transparent and fair pricing plays a critical role in shaping customer perceptions, and this is even more in the service industries (Jain et al., 2021). Clear and honest pricing strategy fosters trust and reduces post-purchase dissonance among customers (Kuo & Tang, 2022). Competitive pricing is also a tactical weapon, reinforcing perceived value as a long-term strategy (Prajogo et al., 2020).

Facility cleanliness is consistently rated as "Very Good." The service center's cleanliness and maintenance, modern equipment and tools, and tidy, comfortable waiting area all have means of 3.63, 3.63, and 3.53. Clean restrooms and common areas are rated as "Very Good" (mean = 3.50), and the overall environment is described as fresh and uncluttered (mean = 3.57). The overall mean for facility cleanliness is 3.57, "Very Good," underscoring the center's commitment to maintaining a pleasant and hygienic environment. Significant strength in facility cleanliness emerges. Continuing steady practice at such high levels will surely maintain such positive influence over customer satisfaction and perceptions. Employee competence, especially in technical fields like those affiliated with automotive services, has direct implications on customers' satisfaction (Chang et al., 2021). Professionalism, diagnostic acuity, and effective communication form the backbone of core competencies admired by the client (Li et al., 2022). Continuous training in customer-facing communication and product knowledge will enhance service effectiveness (Ali et al., 2020).

Lastly, after-sales support is also strong. Honoring warranty claims promptly and fairly is rated as "Good" (mean = 3.47), while clear information about maintenance schedules, responsive and helpful support teams, and follow-up services after repairs are all rated as "Very Good," with means of 3.53, 3.50, and 3.50. Excellent handling of vehicle issues is rated as "Good" (mean = 3.47). The overall mean for after-sales support is 3.49, which is "Good," indicating that customers generally feel well-supported after their initial service. Clear communication and follow-up emerge as strengths, but warranty handling could stand improvement. Streamlining warranties and quick follow-ups will further enhance customer loyalty and trust. Customers think effective after-sales service strengthens them with the customers and propels them for repeat business (Krishna & Agrawal, 2021). Customers desire clarity in post-service communication as well as timely follow-up and hassle-free warranty handling (Hassan et al., 2020). Responsive after services are highly correlated to customer loyalty, especially in those industries where critical technical reliability matters (Xu & Gursoy, 2022).

**Table 5** Correlation Analysis of the Relationship Between Customer Retention and Six Core Services

Variables	r-value	p-value	Interpretation
Customer Retention vs. Six Core Services	.726	.001	Significant

Table 5 presents the correlation analysis of the relationship between customer retention and six core services show significant associations  $r=.726$ ,  $p=.001$ . This means that there is a positive, statistically significant relationship between the services offered and their tendency to be retained as customers.

This explains that customer services have a meaningful impact on customer retention in the automotive industry. As such, as services becomes better, the customer will likely remain as clients of automotive industry.

The evidence supports the claim made in literature that strong customer relationships assist in driving satisfaction and retention. Morgan and Hunt (1994) acknowledge, under their Commitment-Trust Theory, that lasting relationships with customers based on trust and communication significantly enhance customer satisfaction and loyalty. Relationship marketing, as defined by Grönroos (2015), utilizes more personalized interaction and customer engagement; hence it has greater weight in bringing about satisfaction than does technical service delivery. Hennig-Thurau, Gwinner, and Gremler (2002) further argued that emotional bonds and customer relationship efforts are more potent in retaining customers than standardized service offering. Thus, although the provision of high-quality service is indeed a prerequisite, findings by Zeithaml, Berry, and Parasuraman (1996) argue that the relational strategy must therefore accompany the performance of service in order for the latter to be completely transformed into satisfaction and loyalty. Thus, developing long-term relationships with customers rather than stressing operational service delivery could help achieve higher gains in overall satisfaction and retention for the businesses.

**Table 6** Stepwise Regression Results on the Influences of Six Core Services on Customer Retention

Customer Services	Beta	p-value	Interpretation
Service Quality	0.383	0.025	Significant
Convenience	0.557	0.003	Significant
Pricing	0.039	0.749	Not Significant
Employee Competence	-0.242	0.071	Not Significant
Facility Cleanliness	0.049	0.68	Not Significant
After-Sales Support	-0.005	0.968	Not Significant

$R^2=.723$ ,  $F(6,23)=.990$ ,  $p=.001$

Table 6 presents the stepwise regression results examining the influence of various customer services on customer retention. Service quality was found to have a statistically significant positive influence on customer retention ( $\beta = 0.383$ ,  $p = .025$ ). Convenience also demonstrated a significant positive effect ( $\beta = 0.557$ ,  $p = .003$ ). In contrast, pricing ( $\beta = 0.039$ ,  $p = .749$ ), employee competence ( $\beta = -0.242$ ,  $p = .071$ ), facility cleanliness ( $\beta = 0.049$ ,  $p = .680$ ), and after-sales support ( $\beta = -0.005$ ,  $p = .968$ ) were not statistically significant predictors of customer retention. The overall model explained a substantial proportion of variance in customer retention ( $R^2 = .723$ ), and the model was statistically significant ( $F(6, 23) = 0.990$ ,  $p = .001$ ).

The results indicate that among the six customer service dimensions evaluated, only service quality and convenience significantly predict customer retention in the automotive service context. The positive beta coefficients for these variables suggest that improving service reliability, responsiveness, and accessibility—such as reducing waiting times and enhancing appointment flexibility—can directly contribute to higher customer retention. Conversely, pricing, employee competence, facility cleanliness, and after-sales support, despite being important for overall satisfaction, did not emerge as significant determinants of retention in this model. Thus, automotive service providers should focus on consistently delivering high-quality service and ensuring convenient access to their services, as these are the most effective strategies for fostering long-term customer loyalty. Efforts to further enhance other service dimensions, while valuable for satisfaction, may not yield proportional gains in customer retention unless integrated with improvements in service quality and convenience. Recent literature reinforces the critical influence of service quality and convenience on customer retention. According to Al-Mohammad and Al-Qeed (2021), reliability, responsiveness, and assurance are

core aspects of service quality that directly impact retention across service industries. Furthermore, Nguyen et al. (2022) found that convenience factors, such as operational hours and ease of access, strongly influence customers' repeat behavior in automotive and retail services. Likewise, a study by Abuhashesh et al. (2023) emphasized that while pricing and employee behavior affect satisfaction, long-term loyalty is more deeply rooted in how well service expectations are consistently met and how seamless the customer experience is. These findings corroborate the present results, highlighting that service quality and convenience are the most strategic areas for improving customer loyalty in highly competitive service environments like the automotive industry.

## 7.2. Qualitative Results on the Experiences of Line Managers in Customer Retention

**Table 7** Profile of the Participants

Participant	Gender	Age	Years of Experience	Position
1	Female	34	12	Service Manager
2	Male	31	9	Sales Team Lead
3	Female	29	7	Customer Care Supervisor
4	Male	32	10	Parts and Accessories Head
5	Female	28	8	Marketing Manager
6	Male	33	11	Finance and Insurance Manager
7	Female	27	5	Service Receptionist
8	Male	36	13	Pre-Owned Vehicles Manager
9	Female	26	6	CRM Officer
10	Male	37	15	Workshop Foreman

Table 7 presents the demographic and professional profile of the ten (10) line managers who participated in the qualitative phase of this study. The group was evenly split by gender, with five males and five females, and ages ranged from 26 to 37 years. Their years of experience in the automotive industry varied from 5 to 15 years, and their positions covered a wide range of dealership functions, including service, sales, marketing, finance, customer care, and technical operations. This implies that there is a diverse and experienced group of line managers, with an average age of 31.3 years and an average of 9.6 years of industry experience.

The core themes that emerged from the experiences of line managers in customer retention are presented in this section. This offers insight into their practical approaches and perspectives. Through their direct accounts, three main themes were identified such as building trust and personal relationships, personalization and value-added service, and digital engagement and communication. These themes reflect how line managers navigate the challenges of fostering customer loyalty through focusing genuine connections, delivering tailored benefits, and adapting to evolving digital expectations. Their experiences highlight that effective customer retention strategies are rooted in authentic relationship-building, meaningful personalization, and proactive, technology-driven communication.

**Table 8** Experiences of Line Managers in Customer Retention

Theme	Significant Statements/Examples	Formulated Meaning
Building Trust and Personal Relationships	<ul style="list-style-type: none"> <li>- "Building lasting relationships and trust with customers so they keep coming back."</li> <li>- "Know your customers by name. That simple gesture creates loyalty."</li> </ul>	Developing genuine relationships and trust is fundamental for customer loyalty and retention.
Personalization and Value-Added Service	<ul style="list-style-type: none"> <li>- "Customers love perks—it shows we care beyond the transaction."</li> <li>- "Offering free installations has helped build rapport." "Making campaigns feel personal, not generic."</li> </ul>	Personalized attention and added benefits make customers feel valued and encourage repeat business.

Digital Engagement and Communication	<ul style="list-style-type: none"> <li>- "People do more research online now and expect faster, digital communication."</li> <li>- "Service reminders via SMS, fast-lane service, and follow-up thank-you messages."</li> </ul>	Adapting to digital preferences and providing timely, proactive communication enhances customer experience.
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Based on the responses, the experiences of automotive industry professionals revealed the building trust and personal relationships, personalization and value-added service, and digital engagement and communication.

### 7.3. Building Trust and Personal Relationships

This theme focuses on the importance of building sincere relationships and trust for clients and service providers. Developing trusting relationships is crucial to promoting client loyalty and returning customers. According to participants,

- "Building lasting relationships and trust with customers so they keep coming back."
- "Know your customers by name. That simple gesture creates loyalty."

This implies that prioritizing trust and personal connections will result long-term customer retention. Investing in these relationships increases the likelihood that service providers will benefit from the benefits of favorable recommendation and customer loyalty.

Trust and personal relationships are prioritized; customers are retained for an extended period of time. Building such personal relationships increases a service provider's chances of being referred favorably and their customers' loyalty. Alshurideh et al. (2021) found that relationship quality, especially the aspect of trust and commitment, plays a crucial role in customer retention for competitive service industries like the automotive industry. Likewise, Anwar and Gani (2020) argue for personalized attention and prioritization of the creation of relational trust as they create emotional attachments among customers that would lead to furthering their commitment to a particular brand. Therefore, she must create personal bonds purposely as one of its customer retention strategies.

In automotive services and other service industries, trust and personal relationships primarily catalyze customer retention. When relationships are nurtured in a genuine manner, their construction becomes all the stronger with emotional involvement, leading customers to return to the business and recommend it to others. Alshurideh et al. (2021) show that relationship quality, especially trust and commitment, greatly influences customer retention by fostering long-term emotional ties and satisfaction. Their results reveal that when trust is built, customers feel secure and find it difficult to switch their allegiance to another supplier. Anwar and Gani (2020), on the other hand, assumed that relational trust, together with personalized attention, enhances the emotional connection and commitment. In their words, knowing customers with their names and preferences could be trivial methods to getting into their hearts. In highly competitive industries, this emotional bond becomes a distinguishing factor for increased loyalty and positive referrals.

### 7.4. Personalization and Value-Added Service

Personalization and value-added service shows the effect of experience and incentives or rewards on customer satisfaction. Customers respond positively when they feel valued beyond the basic transaction. Some customer mentioned,

- "Customers love perks—it shows we care beyond the transaction."
- "Offering free installations has helped build rapport."
- "Making campaigns feel personal, not generic."

This implies that companies can greatly increase client loyalty by providing particular attention and extra benefits. Customers are more likely to return and promote the business when such efforts show real concern.

It shows that personalized care with added benefits can definitely increase loyalty toward the company. True, most wings want to return to the services and recommend businesses where such efforts express real concern, as Tarofder et al. (2022) found in his study on perceived personalization and added-value services, which have much bearing on a customer's perception of service quality and loyalty. Personalized communication is found to boost emotional satisfaction, which is a key determinant of the behavioral patronage repeat according to Lee and Lee (2019). Plus, adding benefits develops the customer's experience and thus strengthens brand trust and continuity.

Personalization and value-added services significantly shape customers' perceptions of service quality and their ongoing commitment to a brand. These services go beyond the transaction, showing customers that the company cares about their individual needs. According to Tarofder et al. (2022), perceived personalization directly impacts customer engagement and loyalty, especially when customers feel uniquely recognized and appreciated. This effect is compounded when value-added features, such as free installations or loyalty perks, are offered, enhancing both satisfaction and retention. Furthermore, Lee and Lee (2019) found that emotionally personalized communication contributes to emotional satisfaction, which is a strong predictor of repeat patronage behavior. These strategies, when executed genuinely, foster a customer-centric culture where individuals feel valued, not just as consumers, but as long-term partners in the brand's journey.

### **7.5. Digital Engagement and Communication**

Digital engagement and communication emphasize the need to adapt to customers' digital preferences and provide timely, proactive communication. Modern customers expect fast and efficient digital interactions. Some statements revealed that,

- "People do more research online now and expect faster, digital communication."
- "Service reminders via SMS, fast-lane service, and follow-up thank-you messages."

This reveals that organizations that use digital tools and prioritize clear, timely communication are better positioned to satisfy modern customer demands. This approach not only enhances the client experience, but it also increases long-term involvement and satisfaction.

Today's digital tools are blended with the requisite quickness and clearness in communications—the best organization for meeting worldly clients. It would interest customers more in the experience surrounding the offer, enhancing satisfaction. Technology has advanced, according to Shukla and Dubey (2021), in automated follow-ups and notifications sent over mobile devices for services. All these forms a digital communication strategy whose contact experience improves, and retention is ultimately increased.

Those who are considered as beautiful foragers now have modern tools for the very purpose of being able to fulfill and make the most of the opportunity for distance and depth. Today, it is thereby possible to engage with clients on a level while maintaining an increase of experience and satisfaction. According to Shukla and Dubey (2021), technological advances in automated follow-ups don't forget to use notifications over the mobile channel for services. All these forms a digital communication strategy whose contact experience improves, with retention ultimately being increased.

These modern digital tools combine with timely and clear communications—an organization meeting worldly clients with a best approach. It would engage customers further in their experiences around the offer while enhancing satisfaction. According to Shukla and Dubey (2021), the technological breakthrough in automated follow-ups and mobile-based service notifications; build a digital communication strategy where the customer's experience significantly increases-retention as well.

It integrates techniques for a newly emerged promise that is timely and clear communication-modern approaches in which the best-suited approach goes into the organization-having worldly clients. This will engage customers even more""in their experiences about the offer-enjoy more satisfaction. According to Shukla and Dubey (2021), technological advancements made by automated follow-ups and notifications over the mobile channel for services altogether comprise an entire digital communication strategy, thus increasing retention.

Digital engagement and timely communication have become vital in retaining modern customers who demand efficiency and responsiveness. As customers increasingly conduct research online and expect real-time updates, businesses must embrace technology-driven approaches to maintain relevance. Shukla and Dubey (2021) highlighted the critical role of automated communication tools, such as SMS reminders and mobile-based notifications, in strengthening the overall customer experience. Their study found that digital tools not only enhance operational efficiency but also contribute to perceived service quality and retention. Fast-lane services, personalized thank-you messages, and proactive updates all contribute to a digital communication strategy that meets the expectations of today's tech-savvy clientele. By streamlining interactions and ensuring timely responses, businesses can foster deeper engagement and long-term loyalty, positioning themselves as adaptive and customer-focused in a digital-first era.

**Table 9** Challenges Encountered in Customer Retention

Theme	Significant Statements/Examples	Formulated Meaning
Resource and Staffing Constraints	<ul style="list-style-type: none"> <li>- "Managing expectations with limited resources and keeping communication transparent."</li> <li>- "Limited manpower and long parts wait times."</li> </ul>	Limited resources and staffing shortages hinder the ability to meet customer demands consistently.
Adapting to Digital and Market Changes	<ul style="list-style-type: none"> <li>- "People are more budget-conscious and compare options online."</li> <li>- "Keeping up with digital-savvy buyers and inconsistent supply chains."</li> </ul>	Rapid shifts in customer behavior and digital expectations require continuous adaptation.
Data Management and Customer Engagement	<ul style="list-style-type: none"> <li>- "Getting updated contact details and reaching disengaged clients."</li> <li>- "Tracking repeat buyers and inventory-to-sale turnaround."</li> </ul>	Maintaining accurate customer data and sustaining engagement are ongoing challenges.
Supply Chain and Inventory Issues	<ul style="list-style-type: none"> <li>- "Delayed logistics and parts unavailability."</li> <li>- "Priority stock for loyal clients and special discounts."</li> </ul>	Supply chain disruptions and inventory shortages impact timely service and customer satisfaction.

This section emphasizes the main challenges that line managers encounter in customer retention, as shown through their direct experiences in the automotive industry. Four essential themes emerged from their accounts such as resource and staffing challenges, adapting to digital and market changes, data management and customer engagement, and supply chain and inventory issues. These themes identify the complicated setting that managers must undergo in balancing limited resources as a response to rapidly evolving digital and market expectations to maintain accurate customer data, and cope with supply chain disruptions. The experiences shared by the participants describe how these challenges directly impact on the ability to deliver consistent service, engage customers effectively, and sustain loyalty in a highly competitive environment.

Participants revealed various challenges encountered in customer retention within the automotive industry. The following themes are shown Resource and Staffing Constraints, Adapting to Digital and Market Changes, Data Management and Customer Engagement, and Supply Chain and Inventory Issues.

### 7.6. Resource and Staffing Constraints

This theme focuses on the challenges that automotive businesses confront while managing client expectations with limited resources and staff. When teams are overburdened or required parts are delayed, it becomes difficult to meet client expectations consistently. As stated by the participants,

- "Managing expectations with limited resources and keeping communication transparent."
- "Limited manpower and long parts wait times."

The above result leads to a staffing and resource constraint that has a direct bearing on the ability of the service to be fast and reliable which can even affect customer satisfaction and retention levels. An account for the apparent effects of staffing and resource constraints includes blocking faster and more reliable service, thereby leading to customer dissatisfaction, possible less sales, and likely retention threats. According to Ryu and Lee (2020), untrained use of the workforce capabilities and operations would lessen the service agility in customer-centric industries. For the same reason Nguyen et al. (2021) human capital and logistical constraints impeded service quality and customer loyalty in the after-sales sector, which shows a need for strategic resource planning in line with open communication with customers to bridge such service delivery gaps.

The ultimate automotive service industry pressure involves the demands of clients up against inadequate staff and insufficient resources. It beholds huge implications in service speed, quality, and consistency, which also entails customer satisfaction and retention. Ryu and Lee (2020), argue that under-utilization or insufficient human capability

does apply in the instances where insufficiently clear methods of operation slow down service agility especially in the industries depending on instant out-turn timing of customer service. In the same way, Nguyen et al. (2021) confirmed the fact that the two aspects of human capital and logistical component barriers imprison after-sales service quality that can injure client trust and loyalty. All these internal findings thus further confirm the urgent need for strategic planning of workforce and resources. Transparent communication accompanied across even the generally sketchy teams about their limitations regarding resource availability creates attainable expectations and keeps customer faith in tandem with the negative effect that it brings about on long-term loyalty impact.

### **7.7. Adapting to Digital and Market Changes**

This theme emphasizes the demand on automotive companies to stay updated with fast changing client preferences and digital trends. As customers become more cost-conscious and digitally aware, businesses must constantly adapt to remain competitive. Relatively,

- “People are more budget-conscious and compare options online.”
- Keeping up with digital-savvy buyers and inconsistent supply chains.”

Those changing consumer expectations and loyalty will therefore face the need for investment by the manufacturing industry in digital technologies and flexible practices.

Automotive type should adopt digital technologies hence it will comply with flexibility and changing needs of consumers while creating customer loyalty. Digital transformation is actually very vital in service delivery in the automotive industry, as it allows an organization to synchronously carry out innovations alongside spontaneous purchases and changes in customer information seeking behaviors, as there are to mention the least, according to Chatterjee et al. (2021). Hence, like principles, Kim and park have championed the cause arguing that digital adaptability alongside market responsiveness are critical factors in increasing the odds of retaining the tech-savvy customer in this hyper-competitive business.

The changing pace of digital technologies and market behaviors demands the automotive Industries to constantly innovate and adjust continuously. Today's customers are more than ever digitally literate, price-conscious, and comparison shoppers of services on the Internet. To fulfill these functions, the automotive companies had to adapt to digital transformation and flexible business practices. Most clearly, adapting digitally becomes crucial when the company is faced with new, heterogeneous customer behavior patterns, for example, by comparison and customization of services as well as value-based decisions. Regarding digital responsiveness, Kim and Park (2020) added that companies capable of integrating this capacity into their functional models are highly likely to retain customers as conditions become highly competitive. Therefore, the aspect of flexibility in coping with evolving consumer expectations and digital trends has become the defining feature of customer loyalty as well as relevance in the market.

### **7.8. Data Management and Customer Engagement**

This theme focuses on the constant problem of preserving accurate customer information and engaging customers throughout their relationship with the company. Fragmented or obsolete data can impede effective communication and personalized service. As mentioned by the participants,

- “Getting updated contact details and reaching disengaged clients.”
- “Tracking repeat buyers and inventory-to-sale turnaround.”

This means that without strong data management and engagement methods, firms risk losing contact with their customers, rendering retention efforts ineffective.

Without excellent data management and engagement systems, firms risk losing contact with their customers, thereby rendering retention interventions nugatory. According to Verhoef et al. (2021), excellent customer relationship management (CRM) systems and real-time data are at the heart of personalized marketing and customer engagement. In a similar study, Sivarajah et al. (2020) said that data-driven decisions-making and analytics in customer engagement strategies can greatly enhance customer retention and satisfaction levels in based industries.

Maintaining accurate and actionable customer data is essential for meaningful engagement and retention. Without robust systems for data management, businesses risk communication breakdowns and the loss of personalized service, which are key drivers of loyalty. Verhoef et al. (2021) contend that customer relationship management (CRM) platforms and real-time analytics are critical in delivering personalized experiences that increase customer engagement and

repeat patronage. Supporting this view, Sivarajah et al. (2020) found that organizations employing data-driven engagement strategies were significantly better at enhancing customer satisfaction and reducing churn rates. With proper data integration, automotive firms can track customer behavior, send relevant updates, and design retention strategies based on accurate insights, thus sustaining long-term customer relationships.

### 7.9. Supply Chain and Inventory Issues

This theme focuses on the effects of supply chain interruptions and inventory shortages on customer service. Delays in logistics and part availability can upset customers and undermine loyalty efforts. Some of the participants noted,

- “Delayed logistics and parts unavailability.”
- “Priority stock for loyal clients and special discounts.”

This shows that continuing supply chain and inventory difficulties can diminish customer satisfaction, so organizations must find innovative ways to sustain service quality and reward loyal consumers.

Supply chain and inventory troubles can demote customer satisfaction. Hence, the organizations must come up with novel approaches to sustaining service quality and rewarding loyal consumers. As Brusset and Teller (2019) observed, supply chain agility and inventory transparency are crucial to sustaining service consistencies and reduce customer dissatisfaction during interruptions. Similarly, Ruel et al. (2022) advanced loyalty strategies to concentrated repeat customers with exclusive benefits that can mitigate the adverse effects of supply shortages on customer perceptions and retention.

Disruptions in the supply chain and inventory shortages have a direct impact on customer service, especially in automotive contexts where parts availability is essential to timely service delivery. These interruptions often lead to customer dissatisfaction and reduced brand loyalty. Brusset and Teller (2019) highlighted that supply chain agility and inventory visibility are essential to maintaining service quality during disruptions, suggesting that businesses must build more resilient logistics systems. Furthermore, Ruel et al. (2022) proposed that offering exclusive benefits and prioritizing stock for loyal customers can help mitigate the negative effects of such supply issues. These strategies, when aligned with proactive communication, can maintain customer trust even in periods of operational strain, ultimately preserving customer satisfaction and loyalty.

This section indicates the key coping mechanisms utilized by the line managers in the automotive industry to enhance customer retention, based on their practical experiences. Three main themes was noted from their insights given as proactive and personalized communication, leveraging digital tools and CRM systems, and value-added services and flexibility. These themes identifies how managers actively address customer needs by maintaining regular, individualized contact, utilizing advanced technology to streamline interactions, and offering benefits and flexible solutions. Their experiences reveal that combining human-centered communication with technological support and customer-focused incentives is essential for overcoming retention challenges and fostering long-term loyalty.

**Table 10** Coping Mechanisms in Customer Retention

Theme	Significant Statements/Examples	Formulated Meaning
Proactive and Personalized Communication	<ul style="list-style-type: none"> <li>- “Don’t wait for them to complain—check in often.”</li> <li>- “Scheduled check-ins and birthday greetings.”</li> </ul>	Regular, proactive, and personalized outreach builds trust and prevents customer dissatisfaction.
Leveraging Digital Tools and CRM Systems	<ul style="list-style-type: none"> <li>- “Toyota provides CRM tools, training modules, and customer relations seminars.”</li> <li>- “CRM dashboards and messaging templates.”</li> </ul>	Utilizing technology and CRM systems enables efficient tracking and tailored customer interactions.
Value-Added Services and Flexibility	<ul style="list-style-type: none"> <li>- “Flexible payment plans and fast processing.”</li> <li>- “Exclusive members-only perks and a rewards app.”</li> </ul>	Offering perks, flexible solutions, and exclusive benefits strengthens loyalty and addresses client needs.

Various coping mechanisms were utilized by workers in the automotive industry to retain customers and revealed themes as shown: Proactive and Personalized Communication, Leveraging Digital Tools and CRM Systems, and Value-Added Services and Flexibility.

### **7.10. Proactive and Personalized Communication**

This theme emphasizes the significance of communicating with clients on a frequent and individualized basis. Proactive communication fosters trust and resolves issues before they escalate, leaving consumers feeling valued and cared for. According to some of the participants,

- “Don’t wait for them to complain—check in often.”
- “Scheduled check-ins and birthday greetings.”

This implies that persistent, individualized outreach not only minimizes unhappiness but also enhances the customer-service provider relationship, hence promoting long-term commitment.

Customized outreach reduces discontent, improving customer relationship service providers, thus resulting in long-term commitment. Lee and Kang (2019), proactive customer communication creates a great level of satisfaction among customers, as their concerns are handled before they are raised; thus, greater customer loyalty is achieved. Further, Guenzi and Habel (2020) ascertained that personalizing service interactions—such as remembering key details about clients—develops an emotional appeal, which is crucial in sustaining customer relationships.

In the realm of customer retention, proactive and personalized communication plays a vital role in strengthening customer relationships. Regular check-ins, birthday greetings, and concern resolution before complaints arise contribute to an emotional connection between the customer and the service provider. Lee and Kang (2019) found that proactive communication not only reduces dissatisfaction but also fosters greater customer loyalty by addressing issues before they escalate. Guenzi and Habel (2020) further emphasized that personalization—such as recalling personal details or preferences—enhances emotional engagement, which is critical to long-term relationship building. These findings suggest that scheduled, individualized outreach nurtures trust and reinforces the perception that customers are genuinely valued, making them more likely to remain loyal to the brand.

### **7.11. Leveraging Digital Tools and CRM Systems**

This theme focuses on using technology and customer relationship management (CRM) systems to increase customer retention. Digital tools help to expedite communication, track client interactions, and provide personalized service. Participant noted that,

- “Toyota provides CRM tools, training modules, and customer relations seminars.”
- “CRM dashboards and messaging templates.”

This points out that integrating digital technologies with CRM systems allows organizations to manage customer data more efficiently, provide timely and appropriate communication, and ultimately improve the customer experience.

Organizations are integrating digital technologies with customer relationship management (CRM) systems to better manage their customer data, their real-time delivery of communication, and the customer experience. According to Chatterjee et al. (2021), CRM technologies help organizations to manage long-term relationships with customers and to deliver personalized services. Similarly, according to Alghisi and Saccani (2020), digital instruments such as automated messaging, tracking systems, and client profiles contribute to better customer lifecycle management and, therefore, allow businesses to fulfill specific needs on a large scale.

Digital transformation and customer relationship management (CRM) systems have become essential to managing long-term customer engagement in the automotive industry. These tools help streamline customer interactions, organize client profiles, automate communication, and tailor services to individual needs. Chatterjee et al. (2021) noted that CRM systems significantly enhance the delivery of personalized services, allowing companies to manage customer relationships with precision and consistency. Similarly, Alghisi and Saccani (2020) highlighted the strategic importance of digital tools such as CRM dashboards, automated messaging templates, and real-time tracking systems in supporting customer lifecycle management. The integration of these technologies enables service providers to respond promptly to customer needs and improve overall satisfaction—both critical to enhancing customer loyalty in a competitive market.

### 7.12. Value-Added Services and Flexibility

This theme demonstrates the need of providing additional benefits and adaptable solutions to fulfill client expectations. Value-added services and flexible options make customers feel valued and boost their likelihood of remaining loyal. Participants expressed that

- “Flexible payment plans and fast processing.”
- “Exclusive members-only perks and a rewards app.”

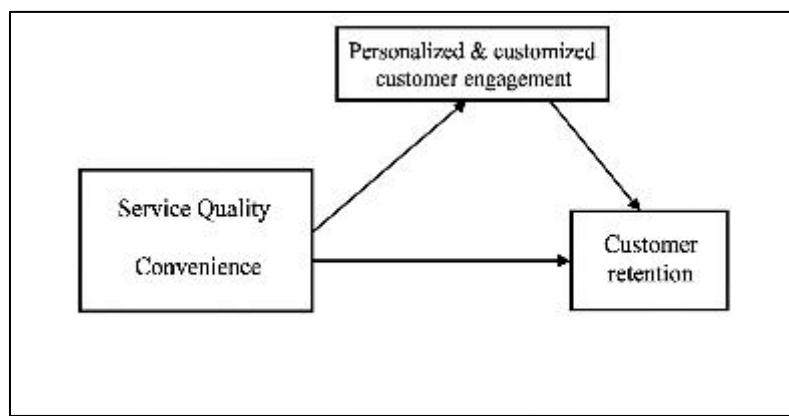
This demonstrates that offering extra bonuses and flexible arrangements helps to meet unique consumer needs, fosters loyalty, and distinguishes the company from competition.

Trust through extra rewards or flexible conditions was established to cater to individual consumer needs and track the company apart from its competitors. Service personalization and extra value create a positive image about the offer and encourage repeat patronage (Kaura et al.; 2021). Khan et al. (2019) found that loyalty programs, flexible financing, and customer-centric services are responsible for brand attachment and customer retention in the automotive and retail sectors.

Providing value-added services and flexible solutions is a strong differentiator in fostering customer loyalty in the automotive industry. Whether through flexible payment plans, exclusive perks, or loyalty reward apps, such offerings enhance customer satisfaction and retention. Kaura et al. (2021) emphasized that personalized services and added value initiatives positively influence brand image and increase the likelihood of repeat patronage. Similarly, Khan et al. (2019) found that loyalty programs, adaptive financing, and customer-centric innovations directly contribute to stronger brand attachment and retention. These strategies not only meet individual client expectations but also distinguish businesses from their competitors by enhancing the overall service experience, leading to deeper and more enduring customer relationships.

### 7.13. Final Model of Customer Retention in the Automotive Industry

The final model highlights the essential factors through which customer retention in the automotive industry is achieved, particularly in the context of Toyota Cebu City, Inc. It shows that service quality and convenience directly contribute to customer retention, which highlights that reliable services and ease of transactions form the basic expectations of customers. However, these factors also influence personalized and customized customer engagement, which serves as a powerful mediating variable. This engagement goes beyond the basic service offerings which allows businesses to build deeper, more personalized relationships with their customers—ultimately influencing their decision to remain loyal to the brand.



**Figure 5** Final Model of Customer Retention in the Automotive Industry

Moreover, the model indicates that customer engagement is not merely a result of good service and convenience but a strategic driver that enhances the overall customer experience. When customers feel valued and recognized through personalized communication and services, their likelihood of remaining with the company increases. This means that for automotive businesses aiming to strengthen customer retention, efforts must be focused not only on improving operational aspects but also on crafting experiences that resonate personally with customers. This integrated approach provides a comprehensive understanding of the concepts at play and offers practical guidance for retention-focused strategies.

## 8. Conclusion

The findings of this study reveal that while customer satisfaction, service quality, and customer relationships are generally strong within the automotive sector, there remain specific areas that warrant attention and improvement. Customers consistently rated service quality and convenience highly, particularly in aspects such as reliability, minimal waiting time, and cleanliness, which emerged as notable strengths. Positive evaluations were also given to pricing, employee competence, and after-sales support, though aspects such as empathy, perceived value, and the management of warranties were identified as areas with room for growth. One of the most significant insights was the strong influence of customer relationships on overall satisfaction, highlighting the need for organizations to focus not just on service delivery, but also on cultivating meaningful client relationships. Addressing existing challenges such as limited resources, the pace of digital adaptation, and supply chain limitations is also critical. The study found that proactive strategies, including clear communication and the integration of digital technologies, have proven effective in reducing these challenges and improving customer retention outcomes.

Overall, while the automotive industry has made substantial progress in implementing customer retention strategies, continuous improvement is essential to meet evolving consumer expectations and shifting market dynamics. Statistical analysis confirmed a strong positive correlation between service offerings and customer retention, with stepwise regression identifying service quality and convenience as significant predictors of loyalty. This reinforces the industry's obligation to uphold high service standards while exploring new strategies to enhance customer engagement. Future gains in customer satisfaction and loyalty will likely hinge on increasing employee involvement, embracing digital innovation, and delivering more personalized, value-added services.

Given these findings, several recommendations are proposed. First, automotive business owners should prioritize relationship-building and invest in employee training to foster friendliness, professionalism, and personalized service interactions. Second, managers and supervisors should routinely audit loyalty programs and online service mechanisms to identify potential gaps in customer retention. Third, customer service teams must practice proactive communication, including regular check-ins and personalized greetings, to build rapport and long-term trust. Fourth, policymakers are encouraged to support the automotive sector by promoting workforce development and digital transformation initiatives to address pressing concerns related to staffing, resources, and technology adoption. Lastly, future researchers are urged to assess the long-term impacts of digital engagement and value-added services on customer satisfaction and retention, while also exploring new solutions to the broader challenges facing the industry.

The study's implications are significant both theoretically and practically. The findings underscore the central role of convenience and service quality—specifically assurance, responsiveness, empathy, and reliability—as foundational elements of an effective customer retention strategy. These insights not only reaffirm the relevance of the SERVQUAL model but also extend it by emphasizing the critical role of convenience as a modern determinant of satisfaction. The study also aligns with Expectation-Confirmation Theory (ECT), suggesting that seamless, accessible, and high-quality service encounters strongly fulfill customer expectations and, in turn, strengthen brand loyalty.

In addition, the study highlights the transformative potential of digitalization in shaping customer satisfaction and retention. Tools such as CRM systems, omnichannel service platforms, and tailored communication strategies enable dealerships to deliver fast, personalized, and frictionless experiences that align with today's evolving consumer expectations. This digital shift challenges traditional service models and calls for a hybrid approach that balances human-centric service quality with technology-enabled convenience. This presents an expanded view of service delivery frameworks in the digital era.

For practitioners, the insights of this study underscore the importance of maintaining excellence in core service dimensions while simultaneously investing in digital capabilities and value-enhancing innovations. Leveraging data analytics, predictive tools, and omnichannel engagement allows businesses to anticipate customer needs, initiate proactive outreach, and deliver experiences that foster lasting loyalty. Adapting to digital trends and responding to shifting consumer behaviors is not merely advantageous—it is essential for competitiveness in the modern automotive industry.

Looking ahead, future research should explore the combined and comparative impacts of digital and face-to-face service interactions on customer satisfaction and retention. Studies might also investigate the role of emerging technologies—such as artificial intelligence, connected vehicles, and deeper personalization—in shaping customer experiences across diverse market segments. There is also a need to refine and expand theoretical models like SERVQUAL and ECT by integrating digital components and offering practitioners actionable insights that respond to ongoing changes in consumer expectations and technological innovation.

## Compliance with ethical standards

### Statement of informed consent

Informed consent was obtained from all individual participants included in the study.

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