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Impacts of COSER Strength on Service Loyalty:
Case of Automobile Repair Service in Tunisia

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ABSTRACT

This paper investigates the effects of customer-one service employee relationship (COSER) strength on personal loyalty and organizational loyalty within the Tunisian automobile repair service context. The study is based on automotive repair dealers in Tunisia and draws on quantitative data. A causal model was tested via structural equations modeling. Data were collected from a randomly sample of 332 customers. The results confirm that the COSER strength has a considerable impact on service loyalty. However, and contrary to the literature, it is an indirect effect through personal loyalty. The results have major implications for marketing practices of service firms that generate customer loyalty through personal loyalty to benefit from its impact while avoiding its risks.

KEYWORDS

Automobile Repair Service, Customer-One Service Employee Relationship, Organizational Loyalty, Personal Loyalty, Quantitative Study. Service Loyalty, Service Marketing, Service Relationship Strength

INTRODUCTION

The relationship marketing approach has attracted intensive attention in the service marketing literature as that leads to foster customer loyalty (Czepiel 1990; Gremler & Brown, 1996; Genzi & Pelloni, 2004; Bove & Johnson, 2006). Companies have increasingly realized the importance of creating and maintaining a strong customer loyalty, since the cost of acquiring new customers is five times the cost of satisfying and retaining current customers (Reichheld, 1996). Consequently, past studies have focused on various factors (e.g. service quality, satisfaction, trust, commitment) to develop and maintain effective customer-service employee relationships (CSER) (e.g. Morgan & Hunt, 1994; Driver & Johnston, 2001), as antecedents expected to increase service loyalty. However, it may difficult to generalize studies' results to other personal, professional or industrial services contexts, which have different characteristics, and cultures (Patterson & Smith, 2001).

So that, this research focuses on customer relationship with one-service employee (or a personal relationship with an appointed service representative) in the automobile service industry, particularly, in after-sales service of dealership companies within the North Africa context, particularly in Tunisia.

Worldwide, the customer relationship with the automotive mechanic is characterized by a great need for trust and commitment (Shemwell et al., 1994; Liljander & Roos, 2002). Especially, the Tunisian automotive repair service is characterized by a high risk and low level of trust between the customer and the service employee (Ben Ayed, 2017).

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The automotive sector in Tunisia remains dynamic and provides business opportunities for production of automotive components and for export (Trape et al., 2014; CEDARE, 2015). Despite its small size, Tunisia is ranked second producer of automotive components in Africa (IHK, 2011). Besides, Tunisia is an attractive site for large international groups (e.g. Renault, Peugeot, Volkswagen, Citroën) to create specific subsidiaries and dealer activity for the automotive industry (CEDARE, 2015).

Although the international automotive sector, particularly in Africa, shares similarities in many aspects, it is also characterized by domestic attributes such as its structuring and governance by the state (policies, strategies,) that influence its performance (Black & McLennan, 2016). Indeed, the dynamic of the Tunisian automobile sector is ensured by the opening of the competition to new actors, which are not fully controlled and regulated. Thus, the Tunisian automobile market is, on the one hand, a structured market governed by dealer quotas, even if there is no legal or regulatory provision on this subject, and on the other hand, a completely free and uncontrolled parallel market (DG Tresor, 2018).

In addition, automotive technology has evolved tremendously and is currently based on electronics and computers. Today, the sector is characterized by a lack of after-sales technicians trained in repair and maintenance, which may affect the service quality, customer satisfaction, trust in the auto mechanic, and the viability of customer relationship with the service employee (Le manager, 2016; Ben Ayed, 2017).

For example, in response to these circumstances of the automotive sector, a network labeled Euro Repar Car Service Maintenance and Repair of all brands, has recently settled for the first time on the African continent and more specifically in Tunisia (Challenges, 2017). This wide network is animated by teams of experienced professionals to repair the automobile in respect of the builders' recommendations. Therefore, its invites the Tunisian multi-brand repairers to join Euro Repar Car Service in order to increase quality of service and customer satisfaction. It may be an opportunity for Tunisian dealership companies to benefit from the support of an international brand while preserving their independence and flexibility (Challenges, 2017).

This landscape of the Tunisian automobile sector gives a great interest to study the customer-service relationship in this specific context.

In marketing studies, the positive effect of relationship marketing on service loyalty has been widely accepted and is believed to be an evidence for services because of the benefits generated from the personnel contact between customers and service providers. This service relationship can be described, according to Liljander and Roos (2002), as ranging from spurious to true, depending on customer perceived relationship benefits, trust and commitment. In this research, we suggest studying the true service relationship when the personnel contact is between customers and one-service provider. Therefore, to treat the loyalty service in its two-dimensional model version, rather a whole concept, that highlights the personal loyalty as well as the organizational loyalty (Bove & Johnson, 2006).

Past research has focused mainly on the simple and direct effect between two constructs (relationship marketing and service loyalty), while less attention has been paid to effects of a true service relationship on service loyalty given the weight of the personal loyalty concept.

Bove and Johnson (2000, 2006) supported that a strong CSER lead to true customer loyalty to the service firm, as positive attitude towards service employee is transferred directly to the service firm. They mentioned that personal loyalty can be risky to the service firm characterized by a limited number (one or two) of service employees, as loyalty to the firm will be dependent on the continual presence of the employee in the firm (Bove & Johnson, 2006). This study can be an extension of Bove and Johnson's works inciting researchers to empirically test the impacts of service relationship strength on service loyalty: (1) in the case of a relationship of customers with one-service employee, (2) in an industrial service setting such automotive repair service and (3) outside the Western context: the Tunisian context. Therefore, this study tries to answer the three following questions: Does the strong CSER constantly generate a significant positive effect on service loyalty? What are the impacts of

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