Service Performance of Yamaha Motor Exclusive Retails in Malaysia
(Consultancy-Type Research)

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ABSTRACT

Hong Leong Yamaha Motor Sdn. Bhd. started in 1978, venture into the manufacturing, assembling and marketing of Yamaha motorcycles in Malaysia. Since then, Yamaha has emerged as a market leader through strong brand imaging, innovative model planning, promotional and customer orientation programmes as well as the development of a strong and extensive dealer network. Today, Yamaha's line of products has been nurtured by a desire towards building products and initiating services that truly fit the needs of the times, creating value beyond the expectations of customers.

Intensive concentration on identified weaknesses and reconstruction of marketing services strategies for 2009 has been emphasized by enforcing service quality in all aspects of service encounter, which consists effective solutions, redefining strategic roles for dealers, ensure action plan is implemented in stages, to sustain customer retention, stepping up the corporate brand equity and reduce the service gaps between Customer Satisfaction Index (CSI) and national average.

The predicted strategic issues that were contributing to the inconsistency and fluctuating of CSI over the years might be due to the ever changing customer mindset of being self-service and diversification. Moreover, dealers’ commitment to enhancing customers’ confidence tends to affect the overall service performance, which will reflect customer loyalty and switching behaviour in the future. Currently, the Customer Satisfaction Index decreased 0.9 percent to 83.9 percent in 2008 and Customer Loyalty index increased 3.7 percent to 89.7 percent in 2008. The total identification of weaknesses is twenty three (23) that require improvement and eleven
(11) factors have been prioritized as they are deemed critical. These are derived from sales person attributes followed by delivery attributes, maintenance service attributes and shop attributes.

The weakest factors of the attributes will be rectified by using three (3) core strategies which derived from Condition Quality, People Quality and System Quality. The tactical approaches for each core strategy comprise the following:

- To increase frequency of monitoring and enforcement (improve condition quality).
- To educate and train to overcome weakness (improve people quality).
- To educate and train to implement proper set up and documentation (improve system quality).
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CHAPTER 1: COMPANY PROFILE

Hong Leong Yamaha's humble beginnings started in 1978, when Hong Leong Industries Bhd. & Yamaha Motor Co Ltd of Japan signed a franchise agreement to venture into the manufacturing, assembling and marketing of Yamaha motorcycles in Malaysia. Since then, Yamaha has emerged as a market leader through strong brand imaging, innovative model planning, promotional and customer orientation programmes as well as the development of a strong and extensive dealer network.

The commitment to innovation was coupled with an enterprising spirit that led Hong Leong Yamaha Motor (HLYM) to move aggressively towards achieving its "One-Millionth Bike Out" 15 years later in January 1994, and strong brand equity through excellent services provided by its dealer network. Today, Yamaha has in its stable a six model line-up ranging from mopeds to 'streets', featuring Yamaha's 2-stroke and 4-stroke technology. Yamaha's line of products has been nurtured by a desire towards building products and initiating services that truly fit the needs of the times, creating value beyond the expectations of customers.

1.1 HLYM PHILOSOPHY

HLYM philosophy consists of three (3) main statements – vision, mission and value. The vision statement emphasizes the achievement of being a market leader in terms of market share and position as a competitive global manufacturer of quality and innovative motorcycles.

While the mission statement for HLYM ensures the priority of providing quality motorcycles and services at competitive prices through product leadership for
customers’ lifestyle improvement, the value statement is a supporting element towards achievement of the market share, which derives from value-added activities such as product innovation, process improvement and customer service.

1.2 STRATEGIC ISSUE

Retail brand differentiation is a point of strategic movement in order to compete for a better market share. Continuous improvement in customer service (before, during and after sales) provided by Yamaha Motor exclusive retails will be the most practical differentiation movement to enhance customer satisfaction. Customer loyalty and brand retention in the future relies positively on customer satisfaction towards service performance of Yamaha Motor exclusive retails.

An analysis was conducted on the historical record of un-weighted HLYM CSI (Hong Leong Yamaha Motor Customer Satisfaction Index). HLYM CSI was growing gradually from year to year due to the improvement of customer service provided by Yamaha Motor exclusive retails and most of the customers were satisfied with the service performance. Un-weighted CSI for the years 2005, 2006 and 2007 were 67.3 percent, 74.0 percent and 84.8 percent, respectively, representing a 17.5 percent increase in total from 2005 to 2007 (refer to Figure 1.1).

The Customer Loyalty Index has shown its inconsistent pattern when comparing it with the CSI pattern, which is supposed to be in the same direction. The Customer Loyalty Index in 2005 was 89.5 percent but plummeted to 84.5 percent in 2006 before rising to 86.0 percent in 2007. As such, the moving trends of both indices from 2005
to 2007 were unparallel and have contributed to unhealthy signs in Yamaha Motor exclusive retails’ status in Malaysia; customer loyalty is inconsistent and fluctuating.

However, the strategic issues that caused the inconsistency and fluctuation of Customer Loyalty Index in 2007, might be due to the existence of Boon Siew Honda’s retail network strategy; a similar implementation of an exclusive retailing programme, namely, Honda 4S retails, giving a wide range of sales attractions to motorcyclists. In addition, the ever-changing customer mindset of being self-service and diversified market has influenced the pattern of the index as well.

Moreover, the lack of dealers’ commitment to enhance customer confidence tends to cause low customer intention to recommend to other friends and repeat-purchases in the future. In this context, the level of service performance perceived by Yamaha customers was predicted to decrease in 2008 and it might be hard to convince Yamaha customers to stay loyal or return to the store. Lastly, this will cause a possibility of switching behaviour to other brands in the future.

Subsequently, un-weighted HLYM CSI for 2008 will be updated and the effectiveness of marketing service strategies implemented in 2008 will be evaluated as well. If any decreasing value of indices is discovered from the evaluation, a critical concentration on the rectification of weaknesses and a reconstruction of marketing service strategies for 2009 will be executed.

Strategically, the Customer Satisfaction Index and Customer Loyalty Index of Yamaha Motor exclusive retails in 2008 targeted a range of 85 percent to 90 percent,
which could denote a good sign of sustaining strong brand position in the consumers’ mind as commented by the Marketing Services Manager, HLYM and, therefore, the critical success factor in retaining customer loyalty in the Yamaha brand in the future is to ensure the fulfilment of customer expectations of service performance.

Source: Marketing Services, CSI Historical Records, HLYM Sdn. Bhd.

Figure 1.1: HLYM Customer Satisfaction Index, 2005-2007
An effective consultancy will be conducted by producing bundles of reliable solutions (marketing services strategies) in order to improve customer service and educate dealers in taking the initiative in rectifying service failures to enhance customer satisfaction. Thus, the objectives of this consultancy are elaborated as follows:

1. To minimise the service gaps of service performance by developing an effective action plan.
2. To redefine strategic roles of Yamaha Motor exclusive dealers by educating them through effective customer service training programmes.
3. To enhance regular monitoring with the assistance of regional sales office in order to provide effective enforcement.
4. To evaluate service performance of Yamaha Motor exclusive retails by justifying weaknesses in area of physical evidence, customer services and service delivery process.

2.1 JUSTIFICATION OF CONSULTANCY-TYPE RESEARCH

Recently, Yamaha Motor exclusive retails in Malaysia have experienced serious challenges from their competitors who are also emphasising good quality customer service to enhance their corporate brand equity. Hong Leong Yamaha Motor (HLYM) initiated the exclusive retails programme in Malaysia quite some time ago as an upgrading scheme, evolving from the status of YBS (Yamaha before service) and 3S concepts retail (Sales, Service and Spare parts).
Motorcycle exclusive retails in Malaysia implements a single-brand concept store in the market with its own specific retail programme and standard operating procedures (SOP); symbolizing corporate brand through systematic delivery and exclusive service (before, during and after sales) to the end users in order to create customer loyalty and retention in the future.

Generally, many competitors were implementing a similar strategy such as Honda, Modenas and Suzuki. During the 1990s, the first manufacturer who executed this exclusive retail programme was Modenas and their movement has greatly affected HLYM’s performance. However, the feedback from motorcyclists towards quality of customer service provided by competitors was quite distinct from the quality provided by Yamaha exclusive retails until the present.

Yamaha Motor exclusive retails were affected by many hits from major competitors in early 2007 including when Boon Siew Honda and Suzuki Japan started their competitive movements to enhance retail brand image (provide better customer service) to compete with Yamaha Motor. Modenas’ efforts appeared feeble in this game due to the lack of internal coordination. Currently, Yamaha Motor’s main challenger in terms of the retail brand war is Honda.

According to the Marketing Services Manager, HLYM, Yamaha Motor exclusive retails are the most outstanding exclusive retail network compared with other rivals because HLYM has improved this strategy from time to time in order to sustain the highly consumer-based brand equity of Yamaha. The actual denotation of Yamaha
Motor exclusive retails in Malaysia is Yamaha Star Shops (an upgraded version of the 3S concept retails and YBS).

The most vital element to sustain and step up the overall corporate brand equity is to manage corporate brand through improving customer experiences on services. Implementation of effective customer service (before, during and after sales) provided by motorcycle exclusive retails are considered a critical success factor in order to leverage customer satisfaction. The succinct statement to define the style of service experiences is customer satisfaction (General Manager of Sales & Marketing, HLYM, 2008).

The impending customer satisfaction in corporate branding could be measured quantitatively by using an un-weighted Customer Satisfaction Index (CSI), the result of which will be derived from the patterns of overall service performance. Thus, customer satisfaction is a key to influence the overall corporate brand equity of Yamaha Motors over time (Marketing Services Manager, HLYM, 2008).

In view of the current challenges faced by HLYM, which may adversely affect its current market position, it is, therefore, crucial to justify the area of customer service failures and review the current application of the action plan in order to produce an effective consultancy.
2.2 FOCUS OF CONSULTANCY-TYPE RESEARCH

The main purpose of providing consultancy is to develop an effective marketing services strategy (action plan) and research customer service performance provided by Yamaha Motor exclusive retails in Malaysia.

Nowadays, many informed customers are able to observe the level of service performance of retailers in providing good customer service (before, during and after sales) and, therefore, an analysis would be focused on identifying service failures in terms of sales person attributes (People Quality), shop attributes (Condition Quality), delivery attributes (System Quality) and maintenance service attributes (System and People Quality). Undoubtedly, feedback and satisfaction levels of Yamaha customers are very important and should be tracked to create repeat-purchase decisions in the future.

Customer satisfaction towards brand meaning and product performance is not as crucial as service performance because the perception of brand meaning by motorcyclists is very good in terms of being well established; exist to deliver most of the benefits as promised such as performance, quality, reliability and efficiency of warranty system.

A competitive action plan that denotes continuous improvement in customer service (before, during and after sales) will be stressed in the research by producing bundles of effective strategies that will ensure it is adaptive in the business environment. A sustainable competitive advantage through fulfilling customer expectation towards overall service performance will result in customer retention in the future. Thus,
customer service, which houses customer satisfaction and customer loyalty, will be the main focus in the consultancy research.

Subsequently, measuring the service performance of Yamaha Motor exclusive retails will be conducted meticulously by identifying the major service defects (gaps) as well as examining the impact on customer loyalty. Index calculations or un-weighted CSI will be used in the process of measuring and justifying service performance defects. CSI is a standard methodology that is granted and integrated into the HLYM Quality Management System (ISO 9001:2000). The method of data collection is through implementing a customer survey (structured interviews with quantitative questionnaires) and will be conducted by the HLYM team at Yamaha Motor exclusive retails covering Northern, Southern, Central and East Malaysia.
CHAPTER 3: SITUATIONAL ANALYSIS

Hong Leong Yamaha Motor (HLYM) has been operating for more than 25 years in Malaysia with tremendous production to meet local market demand and the niche market in Singapore. A few market leaders have emerged since 1970 in Malaysia’s motorcycle industry, namely, Honda, Yamaha, Suzuki and Modenas.

3.1 COMPETITIVE ANALYSIS

Competitive analysis specifically analyses the patterns of competencies amongst market players within the same industry to observe their positioning in the market place and the performance of each player in sustaining its market share and competitive advantage. These analyses consist of industry dominant traits, retail network overview, motorcycle exclusive retail network, life cycle implication, retail brand positioning and corporate brand overview,

3.1.1 Industry Dominant Traits

Boon Siew Sdn Bhd, a manufacturer of Honda motorcycles has dominated the market over the years until the present, except in the 1980s when Yamaha overtook it. Yamaha became the market leader in the 1980s through the production of two (2) stroke engines (refer to Figure 3.1) and obtained 49 percent of the market share on average.

However, Honda motorcycles regained its position as a market leader in the 1990s with more than 43 percent of the market share when the Malaysian government promoted a green project encouraging and supporting four (4) stroke engines due to cleaner emissions compared to the two (2) stroke engines produced by Yamaha.
Meanwhile, Modenas emerged into the motorcycle industry during the mid 1990s, and was considered as the national motorcycle, producing a wide selection of reliable products to meet local demand. Modenas was supported by the government in certain collaborations as well as joint ventures, which had reputedly positioned it in first place with an average of 40 percent of the market share due to the implementation of competitive pricing and good quality motorcycles. Subsequently, Honda gained and positioned itself in second position in terms of market share, while Yamaha, whose market shares had plummeted, only obtained an average of 21 percent.

![Market Share Overview, 1970-1999](image)

*Source: Marketing Services, Historical Records of Motorcycle Retail Demand in Malaysia, HLYM Sdn. Bhd.*

**Figure 3.1: Market Share Overview (1970-1999)**

All market leaders started to meet new challenges from 2002 onwards, being affected by motorcycle brands from the new entrants of China and Taiwan into the Malaysian market, including Comel, Nitro, Cito and Sinki (refer to Figure 3.2). The Chinese-brand motorcycle had won its great position as a low cost brand and threatened the
established motorcycle brands in Malaysia such as Yamaha, Honda, Modenas, Suzuki and other small brands such as MZ, Demak, Naza, Mimos and BKZ.

Between 2002 and 2003, the Chinese-brand motorcycle had achieved an average of 2.5 percent of the market share increasing to 8.0 percent in 2004 but plummeted drastically in 2005 until the present. The market share of the major manufacturers such as Yamaha, Honda, Modenas and Suzuki was not so significantly affected by the Chinese-brand motorcycle due to customer loyalty towards the brands.

The critical period faced by the Chinese-brand motorcycle, from 2005 onwards, was due to quality and reliability issues. This scenario gave an opportunity to Yamaha and Honda to rejuvenate their position and market share. However, Suzuki and Modenas did not show any progress or improvement due to disinclination of sustaining its market share. In 2007 Yamaha and Honda sustained their position as the main market leaders with an average of 35 percent and 48 percent of the market share, respectively.

Source: Marketing Services, Historical Records of Motorcycle Retail Demand in Malaysia, HLYM Sdn. Bhd.

Figure 3.2: Market Share Overview (2000-2007)
3.1.2 Retail Network Overview

The distribution channel for motorcycles in the Malaysian market mostly consisted of the multi-brands concept rather than the single-brand concept and the supply is derived from the collaboration between manufacturers and retailers (dealers) through dealership alliances. The eminent brands of dealerships that have reigned until the present comprise Yamaha, Honda and Suzuki. A clear cut function of these dealers is to engage a systematic delivery facility to the end users through providing services, spare parts and sales (3S), which relate to before, during and after sales service.

Currently, there are 1,400 dealerships for the whole nation of Peninsula and East Malaysia. However, from this large sum of dealerships in Malaysia, the actual total of retails or outlets (stores) is considerably less. It might be only 300-400 stores due to the implementation of the multi-brand concept by dealers who possess more than one (1) dealership per store.

As shown in Figure 3.3, the progress of motorcycle dealership applications was quite constant every year. In 2002, some dealers had moved out from the industry and new applicants were starting to move in from 2003 until present. The movement of industry retail demand was favourable with its drastic surge from 2004 onwards. The main factor that had contributed to the stagnant progress of dealership applications over industry retail demand was due to the high barrier of entry mode, which required a large capital expenditure in order to obtain a dealership.
Motorcycle Dealerships, 2000-2007

In Malaysia, Boon Siew Honda has dominated the market most of the time with its highest market share in terms of dealerships. The Chinese-brand dealership was the second largest due to the linear implementation of dealership policy. Hong Leong Yamaha Motor dealership was positioned after the Chinese-brand dealership followed by Modenas, Suzuki, Kawasaki and others (refer to Figure 3.4). Apparently, the motorcycle market in Malaysia was quite fragmented by the implications of multi-brand retails, which creates a wide selection of motorcycle brands for motorcyclists.

Source: Marketing Services, Historical Records of Motorcycle Dealerships in Malaysia, HLYM Sdn. Bhd.

Figure 3.3: Motorcycle Dealerships (2000-2007)

Figure 3.4: Motorcycle Dealerships by Brand (2000-2007)
3.1.3 **Motorcycle Exclusive Retail in Malaysia**

The age has gradually evolved from traditional retail programmes towards better quality in terms of brand image, customer service and ensuring customer satisfaction, which has synergized the conversion from the multi-brand concept to the single-brand concept. This evolution has been progressively seen overseas but has been slow in Malaysia and now is blatantly and consistently applied by HLYM. The denotation of the single-brand concept retail in the context of motorcycle industry terminology is a motorcycle exclusive retail.

Motorcycle exclusive retail in Malaysia is a concept store, which houses a single brand of motorcycle with its own specific retail programme and standard operating procedures (SOP); symbolizing corporate brand through systematic delivery and exclusive services to the end users in order to create customer loyalty and retention in the future. This concept store is very different when compared with the multi-brand concept in terms of quality of the functions and service performance.

Yamaha Motor exclusive retails in Malaysia are an upgraded version, having evolved from the status of YBS (Yamaha before service) and 3S concepts retail (Sales, Service and Spare parts). The actual denotation of Yamaha Motor exclusive retails in Malaysia is Yamaha Star Shops.

Most manufactures have their own set of channel design or distribution pattern of exclusive retails. Currently, Boon Siew Honda is engaging in an intensive set-up with a large number of stores throughout the country while, HLYM, Suzuki and Modenas are executing a selective set-up with a significant number of stores located selectively
nationwide. Manufacturers are inviting and encouraging all major dealers (retailers) who are already in the motorcycle market to upgrade and convert their current multi-brand stores to single-brand stores with an exclusive retail package from the manufacturers.

3.1.4 Life Cycle Implications

Since 2000, HLYM has consistently enforced the motorcycle exclusive retail network (Yamaha Star Shop) in Malaysia. In the late 1990s, Modenas was the first manufacturer to initiate this programme before its market share started to decline because of disinclination in continuing the programme. Thus, many dealers were slowly exiting from holding Modenas’ exclusive retail programme.

Currently (refer to Figure 3.5), Yamaha Motor exclusive retails are reaching the maturity stage. No one has been exiting HLYM’s exclusive retail programme since 2000 and quantities of new applications have gradually increased from year to year. Modenas was facing the decline stage with many dealers pulling out from the programme and many new dealers had little means of getting it. However, Suzuki was reaching the introduction stage and Boon Siew (Honda) was at growth stage and they both will be the next challengers to HLYM.
HLYM has successfully sustained its strong retail brand positioning of motorcycle exclusive retail throughout the years although many dealers are still managing the multi-brand concept. In 2007, there were twenty six (26) Yamaha Motor exclusive retails, thirty one (31) Honda 4S retails and one (1) Suzuki World in Malaysia (refer to Figure 3.6). Nevertheless, Yamaha Motor exclusive retails for the following years will most likely be threatened by Boon Siew Honda (4S) and Suzuki World retails.
3.1.5 Retail Brand Positioning

In early 2008, HLYM regional sales offices conducted observatory visits and a mystery shopper survey on all brands of motorcycle exclusive retails in order to identify its position in terms of customer service quality and overall representation of brand image. As shown in Figure 3.7, Yamaha Motor exclusive retail is experiencing greater customer service quality and is relatively better in representing overall brand image when compared with Honda, Suzuki and Modenas.

Both Yamaha’s rivals are planning strategic offences by continuously enhancing their respective customer service performance in the forthcoming years. Thus, Yamaha Motor exclusive retail will face critical attacks if it loses sight of its rivals’ movements. Hence, it is advisable to ensure a fainter strategy through enhancing customer service performance to an improved level in order to sustain its prestigious position in the market place.


Figure 3.7: Retail Brand Positioning (2008)
3.1.6 Corporate Brand Overview

Managing the corporate brand of Yamaha Motor exclusive retails in Malaysia is important to keep a strong brand knowledge to sustain market competitiveness. Despite similar stratagems being followed, today, by its major competitors it is vital to ensure obvious points of difference in order to sustain corporate brand equity.

Corporate branding is the practice of using the company's name as the product brand name. It is an attempt to leverage corporate brand equity to create product brand recognition. This can be summarised as several touch points – logo, customer service, treatment and training of employees, packaging, advertising, stationery, quality of products and services, and even things like cleanliness if the company has a retail store. Customer service (also known as Client Service) is the provision of service to customers before, during and after a purchase (The Free Encyclopedia, last modified on 15 September 2008, http://en.wikipedia.org/wiki/Corporate_branding). It consists of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation (Turban et al, 2002).

Brands of certain products delivered by either exclusive or non exclusive retailers provide a number of important functions. Retailers that brought or represent the overall brand image can generate consumer interest, patronage and loyalty in their store as the consumer learns to expect certain brands and products (Keller, 2008).

Enhancing brand knowledge is the key to strengthen the overall product brand equity because it creates a differential effect amongst generic products. Retailers could also create their own brand image by attaching unique associations to the quality of their
services, product assortment, merchandising, pricing package and credit policy. The appeal and the attraction of the brand, whether the manufacturer’s brands or the retailers’ own brand, can yield a higher price margin, increased sales volume and greater profits (Keller, 2008).

The brand is a set of differentiated perceptions on the brand strength that depends on the extent to which these perceptions are consistent, positive and shared by consumers. Service brand equity may comprise four (4) main ways in which service companies can build strong brands that employ – dare to be different, determine own fame, make an emotional connection and internalize the brand (De ChenaTony and McDonald, 2003).

Thus, in corporate branding, customer service is very important and consists of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation. Customer satisfaction and dissatisfaction is that it is a comparison of customer expectation to perceptions regarding the actual service encounter (Hoffman & Bateson, 2006). A company would be wise to measure customer satisfaction regularly because it is the key to justify potential customer retention in the future. A highly satisfied customer generally stays loyal longer; buys more new products and upgrades existing products; talks favourably about the company and its product introduction; pays less attention to competitors brands and is less sensitive to price; offers product and service ideas to the company. Moreover, customers who become loyal to the brand will always cost less than getting new customers as transactions are routine (Keller, 2006).
There is obviously a strong link between customer satisfaction and customer retention. Customer's perception of service and quality of product will determine the success of the product or service in the market through understanding customers' perceptions. Companies can determine the actions required to meet the customers' needs through identifying the strengths and weaknesses, and where they stand in comparison to their competitors in order to figure out the path for future progress and improvement. Measuring customer satisfaction helps to promote an increased focus on customer outcomes and stimulate improvements in work practices and processes used within the company (Bhave, 2002).

Thus, it is insightful for Yamaha Motor exclusive retails to ensure that brand knowledge exists in order to generate good service experience as well as association with good brand image in the consumers’ memory through customer satisfaction, which is the key success factor for the achievements. Measuring customer satisfaction of services provided by Yamaha Motor exclusive retails will be conducted in order to identify service gaps that could affect the overall performance of corporate brand equity.

However, so as to ensure the achievement of customer satisfaction to an improved level, reinforcement of the current competitive retail strategy and continuous improvement of customer service weaknesses will be implemented by relying empirically on research results. The major measuring method for customer satisfaction is the un-weighted Customer Satisfaction Index (CSI), which is used in the context of justifying customer service performance through complying with the HLYM Quality Management System (ISO 9001:2000).
3.2 STRATEGY REVIEW

In 2007, strategies were designed to implement improvements on overall service performance and quality of Yamaha Motor exclusive retails consisting of four (4) major actions; enhancement on training content and syllabus; conduct official trainings; monitoring and evaluation activity; web page enquiries management (refer to Figure 3.8).

- **Training Content & Syllabus**
  - Impressive customer service training and compilation.
  - Video shooting for learning content; consumer skill, consumer-related preference and consumer-related attitude.

- **Training**
  - Technical academy and customer segment training for exclusive dealer and internal staff.
  - Customer care training.

- **Monitoring & Evaluation Activity**
  - Observatory visit on Yamaha Motor exclusive retail.
  - Mystery shopper

- **Web Page Enquires Management**
  - Daily monitoring and reply
  - Follow up and coordination


*Figure 3.8: Marketing Services Strategy Overview (2007)*

The effectiveness of strategies implemented in 2007 could be analysed by viewing the reports from two (2) aspects; Operating Standard Audit 2007 and Customer Satisfaction Index 2007, which are shown in Table 3.1.

<table>
<thead>
<tr>
<th>HLYM evaluation on Yamaha Motor Exclusive Retails</th>
<th>Customer evaluation on Yamaha Motor Exclusive Retails</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Standard Audit (Rating 1-5)</strong></td>
<td><strong>Customer Satisfaction Index (CSI)</strong></td>
</tr>
<tr>
<td>- Condition Quality 3.28</td>
<td>- Sales Person Attribute 82.8%</td>
</tr>
<tr>
<td>- People Quality 2.91</td>
<td>- Shop Attribute 89.0%</td>
</tr>
<tr>
<td>- System Quality 2.98</td>
<td>- Delivery Attribute 86.6%</td>
</tr>
<tr>
<td>Overall result 3.08</td>
<td>- Maintenance Service Attribute 84.9%</td>
</tr>
</tbody>
</table>


*Table 3.1: Operating Standard Audit & CSI (2007)*
Impending from the implementation of these activities for improving service performance and quality of Yamaha Motor exclusive retails, the overall result of Operating Standard Audit in 2007 was just 3.08 only (slightly above moderate level). This unfavourable result was due to a lack of people quality and system quality.

Yamaha customer voices (CSI in 2007) was favourable if compared with the previous year, increasing by 13.5 percent to 84.8 percent and denoted a significant improvement in terms of service image as perceived by Yamaha customers. This improvement was mostly contributed by shop attributes; good servicescape (conducive service atmosphere). Nevertheless, improvement is still needed in terms of rectifying the quality of sales person attributes and maintenance service attributes.

Based on the reports of the Operating Standard Audit result and CSI for the year 2007, a continuous improvement for subsequent years will focus on people quality and system quality because these areas will have a major effect on the Customer Satisfaction Index in the future, which still has much room for improvement to sustain competitiveness in the market place.

The development of action plans for the year 2008 was based on strategies extended from the year 2007. As shown in Figure 3.9, most of the strategies planned for 2008 consisted of value-added aspects, which mean increased frequency of the activities throughout the year and ensuring a better quality of programme in terms of training content, effective sales training and personal improvement, enforcement of rigid monitoring and evaluation activity, and effective web coordination.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Jan</th>
<th>Feb</th>
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<th>Apr</th>
<th>May</th>
<th>Jun</th>
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<tbody>
<tr>
<td>Training Content Syllabus</td>
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<td>Quality material selection &amp; completion</td>
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<td>Technical training / customer segment for Yamaha Star Shop</td>
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<td>Customer care Training for Yamaha Star Shop</td>
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<td>Monitoring &amp; Evaluation Activity</td>
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<td>Observatory visit</td>
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<td>Mystery shopper</td>
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<tr>
<td>Web Page Enquiries Management</td>
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<td>Daily monitoring and reply</td>
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<td>Follow up and coordination</td>
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Figure 3.9: Action Plan (2008)
CHAPTER 4: CSI SURVEY CONDUCTED BY

HLYM FOR 2008

The standard methodology for measuring customer service performance is based on the un-weighted customer satisfaction index (CSI). Customer interviews were conducted constructively by applying quantitative questionnaires and the selection of the sample was limited to Yamaha customers who visited, made service transactions and purchased any model of Yamaha motorcycle from Yamaha Motor exclusive retails in Malaysia only.

A comparison between HLYM CSI and competitor’s CSI (Boon Siew Honda) is not possible at this time as Honda has not yet implemented its standard operating procedure. As commented by HLYM regional sales officer during the mystery shopper survey, Honda 4S stores were just established in early 2007, which was very good in terms of brand image and nicely built-up to provide maintenance services for motorcyclists, however, the quality of customer service provided was relatively low compared to Yamaha Motor exclusive retails in Malaysia. Honda has yet to implement a standard operating procedure for better customer service.

Most of the motorcyclists were attracted by Honda 4S’s strong image and sales attractiveness but not because of excellent customer service. At this moment, Honda 4S’s is unable to compete with HLYM in terms of the customer service perspective. However, the service quality of Honda 4S will improve very soon as the management of Honda Japan intends to rectify its current service performance.
The evaluation will focus on the customer service aspect of Yamaha Motor exclusive retails without comparison with competitors in order to define areas of weakness and service gaps. Improving service performance such as sales person attributes, shop attributes, delivery attributes and maintenance service attributes will be the main strategic areas in the CSI evaluation.

4.1 DATA COLLECTION BY HLYM

The sampling procedure was based on those customers that purchased the motorcycle recently; three to six months from the date of purchase. In total, 377 respondents or 99 percent of structured interviews with questionnaires were completed or 19.8 people (respondents) per exclusive store attended the interview and provided many reliable comments and recommendations for improvement. The interview focused mainly on customer evaluation of the service performance of Yamaha Motor exclusive retails to identify significant weaknesses against the national average (national CSI) and justify the seriousness of service gaps.

The data collection process involves four (4) parties in support of the implementation of the CSI survey of Yamaha Motor exclusive retails in Malaysia, which is shown in Figure 4.1.
1. Branch Level:
This consists of nine (9) regional branch offices in Malaysia. They will support the process of contacting various dealers to recruit customers for the CSI survey and to follow up on the progress of the action plan, implementation and report at Regional Branch Manager Meetings and in the monthly report.

2. Dealer Level:
Nineteen (19) Yamaha Motor exclusive dealers in Malaysia will identify three hundred eighty (380) Yamaha customers from across the country by referring to the selection criteria stated

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**Figure 4.1: CSI Survey Flow Chart**

by HLYM. After the completion of the survey, an individual CSI report will be presented by HLYM for their action and improvement.

3. Marketing Level:
An overall coordinator of the CSI survey will monitor the progress of the activities. The marketing department will collect, summarize, analyze, data store and prepare the CSI report for individual dealers and result sharing in the Operations Meetings and Branch Manager Meetings.

4. All Departments:
The relevant departments will devise an action plan and follow up on its implementation based on the CSI and prepare regular reports concerning the progress of the action plan in Operation Meetings and Branch Manager Meetings.

4.2 HLYM CSI (PARAMETER AND FACTOR)
HLYM has fully adopted the CSI standard from the YMC (Yamaha Motor Japan Corporation) and contrasted it with the MCSI (Malaysian Customer Satisfaction Index) and international CSIs such as ACSI (American Customer Satisfaction Index), SCSB (Swedish Customer Satisfaction Barometer), KCSI (Korean Customer Satisfaction Index), NCSB (Norwegian Customer Satisfaction Barometer) and ECSI (European Customer Satisfaction Index).

As such, parameters of HLYM CSI are practically focused on service performance, which comprise sales perspectives and service maintenance perspectives. Both perspectives are imparted with four parameters (sales person attributes, shop
attributes, delivery attributes and maintenance service attributes) and twenty six (26) factors (refer to Figure 4.2).

Un-weighted HLYM CSI is calculated by using a simple average without applying any weighting on the mean of four (4) parameters, which will denote the level of overall service performance of Yamaha Motor exclusive retails in Malaysia.

Furthermore, the customer loyalty index is also calculated to observe the level of overall customer retention towards Yamaha Motor exclusive retails. The Customer Loyalty Index was based on an average score obtained from three (3) factors, as shown in Figure 4.3.
Generally, every positive parameter will be able to produce a favourable CSI, which could lead to customer loyalty (ongoing repeat-purchase behaviour and recommendation to other friends). Customer's voices and expectations will be translated into meaningful measurable descriptive reports, which are able to provide a useful way for typical improvements as well as to redefine the areas of focus to enhance customer satisfaction.

The Customer Satisfaction Index (CSI) of Yamaha Motor exclusive retails is an index regarding service performance, which is derived from the concept of managing overall corporate brand performance through personnel services and the physical condition of the store. The services provided by dealer personnel consist of sales personnel, clerical staff, mechanics, drivers and boss who will be going to provide whatever service, ranging from before sales, during and after sales service.

4.2.1 Sales Person Attributes

Sales person attributes refers to those personnel providing proper sales service in terms of consultation and advice. There are ten (10) main factors, which justify whether the sales person is able to contribute a better quality customer service to gain a favourable index as follows:

1. Sales person attitude
2. Willingness to listen to customer
3. Explanation of product availability and features
4. Explanation of sales terms and conditions
5. Explanation of motorcycle warranty condition
6. Explanation of motorcycle service requirement and free inspection
7. Test rides and demonstration
8. Explanation of genuine and imitation of spare parts
9. Dealer information
10. Overall handling of the sales professionalism

4.2.2 Shop Attributes

An impressive condition of exclusive retails relies on the commitment of dealer’s management. Shop decoration and set-up are important to create a sense of enjoyment and comfort among the customers. Shop attributes that rely on a certain physical setting will help to create a shop that customers feel good about entering. The factors determining a good set up of the shop consisted of three (3) measurable variables as follows:

1. Bike display in the shop
2. Cleanliness of the shop
3. Atmosphere of the shop

4.2.3 Delivery Attributes

Delivery attributes consist of plenty of procedures that involve the preparation of the motorcycle for delivery and collection by customers. This relates to how well the system is operating in providing personal services regarding motorcycle condition and functional aspects of the product. Good sales delivery attributes could be derived from the appointed items as follows:

1. Appearance and cleanliness of motorcycle at delivery
2. Set up time at delivery and document procedure
3. Explanation of motorcycle functions at delivery
4. Explanation of pre-delivery-inspection (PDI) items during motorcycle delivery
4.2.4 Maintenance Service Attributes

Most of the attributes covered in the service maintenance relate to the physical condition of the workshop and service personnel with plenty of technical skills and experience in handling motorcycle technical repairs and customer complaints. Service technicians (mechanics) are the major service personnel that will overcome any problematic conditions of the product as well as customer’s technical enquiries. Factors that relate to maintenance service attributes consist of nine (9) points as follows:

1. Service staff performance
2. Courtesy and friendliness
3. Cleanliness of service area
4. Explanation of warranty
5. Proper diagnosis of customer motorcycle
6. Clear explanation of repair work requirement and job done
7. Getting work done on time
8. Commitment to job done right the 1st time
9. Willingness to listen to customer complaints

4.2.5 Un-weighted Customer Satisfaction Index (CSI)

The Customer Satisfaction Index (CSI) of HLYM is an index regarding the service performance of Yamaha Motor exclusive retails. Un-weighted HLYM CSI is calculated by using a simple average without applying any weighting on the mean of four (4) parameters.
4.2.6 Customer Loyalty Index

Customer loyalty towards Yamaha Motor exclusive retails will be categorized in two (2) perspectives, which consist of the sales perspective and service perspective. In terms of the sales perspective, the factor of repeat-purchase at the same shop is defined by the capabilities of the sales personnel in providing before, during and after sales service that enables the customers to retain and create repeat-sales in the future. While, in terms of service perspective, the factors of repeat-purchase at the same shop and recommend to others refers to the ability of the service maintenance staff in providing good technical service that enables customers to revisit the shop for repairs and maintenance, recommend to their friends and acquaintances and purchase Yamaha brand in the future. Therefore, the three (3) factors for Customer Loyalty Index are summarised as follows:

1. Sales perspective: Repeat purchase at the same shop
2. Service perspective: Repeat purchase at the same shop
3. Service perspective: Recommend others to service the bike in the shop

4.3 DESCRIPTIVE STATISTICS

As shown in Figure 4.4, most of the respondents from this customer survey were derived from the male category representing 90 percent of the total survey. Female voices and comments were lacking because there were not many in the survey. Perhaps, female riders could contribute some meaningful ideas and creative solutions concerning certain problems that male riders are unable to. While, in terms of marital status the frequency of distribution was quite fairly distributed, the people who are married and not married expressed different expectations on customer services because of different household commitments. Married persons tend to be more
conservative and cost conscious than those who are still single but both have the same expectations and perceptions of the quality of service and value what they have paid for.

![Gender and Marital Status Chart](image)


Figure 4.4: Gender and Marital Status

The motorcyclists who attended the customer survey were mainly from the age below 20 and 20-34 years old (refer to Figure 4.5). This age range consisted of teenagers and young adults who represent 69 percent of the total survey. Generally, based on the historical data of HLYM customer profiles, the majority of Yamaha customers consist of the younger generation and have a very strong influence towards overall retail brand performance of Yamaha Motor in Malaysia. In terms of income level, most of the respondents consisted of moderate low income level (below RM 1,500 and RM1,500-2,500). This category of customers represents about 76 percent of the total survey, which is very typical of motorcyclists in Malaysia. Thus, the quality of customer service provided by Yamaha Motor exclusive retail cannot be devalued because this group of customers will have a very effective word of mouth (WOM) contribution to the market.
In the context of respondents’ education level, which is shown in Figure 4.6, more than 87 percent of Yamaha customers have at least secondary school qualifications and above (college or university). This means that Yamaha customers are educated and can make informed decisions concerning purchases.

4.4 CSI RESULTS

Plotting the satisfaction index against a time scale indicates exactly how well the organization is accomplishing the task of customer satisfaction over a period of time.
Thus, customer satisfaction could be expressed as a single number that tells the organisation where they stand today and improvement plans can be developed to further improve the service encounter to ensure customer loyalty or retention in the future.

As such, un-weighted HLYM CSI for the year of 2008 was 83.9 percent. The value of service performance in each parameter (sales person attributes, shop attributes, delivery attributes and maintenance service attributes) were 82.0 percent, 87.9 percent, 84.4 percent and 84.6 percent, respectively. The Customer Loyalty Index for the year of 2008 was 89.7 percent. All these indices will be used as a national average or benchmark value for all Yamaha Motor exclusive retails in Malaysia (refer to Table 4.2).

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Mean</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Person Attributes</td>
<td>4.100</td>
<td>82.0%</td>
</tr>
<tr>
<td>Shop Attributes</td>
<td>4.396</td>
<td>87.9%</td>
</tr>
<tr>
<td>Delivery Attributes</td>
<td>4.220</td>
<td>84.4%</td>
</tr>
<tr>
<td>Maintenance Service Attributes</td>
<td>4.228</td>
<td>84.6%</td>
</tr>
<tr>
<td><strong>Un-weighted CSI</strong></td>
<td>4.197</td>
<td>83.9%</td>
</tr>
<tr>
<td><strong>Customer Loyalty Index</strong></td>
<td>4.486</td>
<td>89.7%</td>
</tr>
</tbody>
</table>


Table 4.1: Un-weighted Service Performance Scores

There are two (2) trend lines shown in Figure 4.7, which consist of un-weighted CSI and Customer Loyalty Index against the time frame from 2005 to 2008. The value changes of Customer Loyalty Index in 2008 increased by 3.7 percent to 89.7 percent from the previous year due to the effectiveness of marketing service strategies implemented in 2008. The CSI for 2008 was unfavourable due to decreasing value by 0.9 percent to 83.9 percent, which might be caused by an evolution of customer expectations from time to time. Many Yamaha customers might be attracted to the
benefits provided by Yamaha Motor exclusive retails, which made them stay loyal to the store and recommend to their friends even though the service performance delivered was not within the expected standard.

Most of the improvements were apparently discovered in the Customer Loyalty Index indicating that they will recommend to other friends and have the intention to repeat purchase in the future (refer to Table 4.3). In terms of sales perspective, repeat purchase at the same shop rated by Yamaha customers was 89.4 percent (decreased by 0.6 percent) while, in terms of service maintenance perspective, repeat bike servicing at the same shop was 91.6 percent (increased by 9.6 percent) and recommend to other friends to service their bike in the shop was 88.4 percent (increased by 7.4 percent).

<table>
<thead>
<tr>
<th>Customer Loyalty Index</th>
<th>2007</th>
<th>2008</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repeat purchase at the same shop (Sales Perspective)</td>
<td>90.0%</td>
<td>89.4%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Repeat purchase at the same shop (Service Maintenance Perspective)</td>
<td>82.0%</td>
<td>91.6%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Recommend others to service the bike in the shop</td>
<td>81.0%</td>
<td>88.4%</td>
<td>7.4%</td>
</tr>
</tbody>
</table>

Table 4.2: Customer Loyalty Index and Factor, 2008 versus 2007
The value of each service performance can be seen in Figure 4.8; Sales person attributes (82.0 percent); Shop attributes (87.9 percent); Delivery attributes (84.4 percent); Maintenance service attributes (84.6 percent). Each attribute decreased in 2008 with the highest decrease in terms of value changes being delivery attributes (-2.4 percent) followed by shop attributes (-1.1 percent), sales person attributes (-0.8 percent) and maintenance service attributes (-0.3 percent). As such, critical improvement is needed in all areas of service performance.

Delivery attributes were based on four (4) major factors related to services during the delivery of the motorcycle. They were appearance and cleanliness of motorcycle at delivery, set up time of delivery and documentation procedure, explanation of motorcycle functions at delivery and explanation of PDI (pre-delivery inspection) items during motorcycle delivery. As shown in Figure 4.9, explanation of PDI items during motorcycle delivery has the highest decreasing value (-4.2 percent) than other factors. Set up time at delivery and documentation procedure decreased by 2.8 percent and appearance and cleanliness of motorcycle at delivery decreased by 1.0 percent, while, explanation of motorcycle functions at delivery has no change.

Figure 4.8: Service Performance Scores and Value Changes (2006-2008)
Shop attributes consisted of three (3) major factors that related to overall condition of the store (Figure 4.10). The factors were bike display in the shop (87.4 percent in 2008), cleanliness of the shop (89.0 percent in 2008) and atmosphere of the shop (87.4 percent in 2008). All these factors show decreasing values in 2008 except a factor related to cleanliness of the shop. Bike display in the shop and atmosphere of the shop decreased by 1.5 percent in 2008.
In terms of sales person attributes (Figure 4.11), all factors decreased in 2008 except explanation of product availability and features, explanation of motorcycle warranty condition and explanation of genuine and imitation spare parts. The value changes of the factors that plummeted in 2008 were as follows; test ride and demonstration decreased by 8.4 percent; overall handling of the sales professionalism decreased by 2.3 percent; willingness to listen to customer decreased by 1.3 percent; dealership information decreased by 1.2 percent; attitude decreased by 1.0 percent; explanation of sales terms and conditions decreased by 0.8 percent; explanation of motorcycle service requirements and free inspection decreased by 0.4 percent.

As shown in Figure 4.12, maintenance service attributes have the lowest decreasing value in 2008 compared to other attributes. Willingness to listen to customer
complaints was the maintenance service attribute that dropped by the greatest factor, 2.2 percent to 85.8 percent in 2008 followed by getting work done on time, which decreased by 1.9 percent to 84.1 percent; commitment to get job done right the first time, which decreased by 1.1 percent to 85.9 percent; service staff performance dropped by 0.9 percent to 86.1 percent; clear explanation of repair work requirement and job done decreased by 0.8 percent to 84.2 percent; courtesy and friendliness decreased by 0.7 percent to 87.3 percent; proper diagnosis of customer motorcycle dropped by 0.7 percent to 81.3 percent.

![Maintenance Service Attributes](image)

<table>
<thead>
<tr>
<th>Maintenance Service Attributes</th>
<th>2007</th>
<th>2008</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service staff performance</td>
<td>87.0%</td>
<td>86.1%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Courtesy and friendliness</td>
<td>88.0%</td>
<td>87.3%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Cleaniness of service area</td>
<td>82.0%</td>
<td>83.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Explanation of warranty</td>
<td>79.0%</td>
<td>83.2%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Proper diagnosis of customer motorcycle</td>
<td>82.0%</td>
<td>81.3%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Clear explanation of repair work requirement and job done</td>
<td>85.0%</td>
<td>84.2%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Getting work done on time</td>
<td>86.0%</td>
<td>84.1%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Commitment to job done right the 1st time</td>
<td>87.0%</td>
<td>85.9%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Willingness to listen to customer complaints</td>
<td>88.0%</td>
<td>85.8%</td>
<td>-2.2%</td>
</tr>
</tbody>
</table>

Figure 4.12: Maintenance Service Attributes, 2008 versus 2007

The CSI and Customer Loyalty Index for the year 2008 will be used as the base line or national average in order to identify the weakest stores of Yamaha Motor exclusive retails in Malaysia. Many Yamaha Motor exclusive retails had individual indices below the respective national average as shown in Figures 4.13 and 4.14. About eight
As shown in Figure 4.15, a total of eleven (11) Yamaha Motor exclusive retails in Malaysia were below the national average of Customer Loyalty Index. Eight (8) of them had both indices (CSI and Customer Loyalty Index) below the national average simultaneously, which represents 42 percent of the total number of Yamaha Motor exclusive retails in Malaysia. Strategically, these eight (8) stores have been facing
unfavourable conditions in terms of poor customer service, which will harm the overall corporate brand image of HLYM.

Figure 4.15: Total stores below national average; CSI and Loyalty Index, 2008
CHAPTER 5: DISCUSSIONS

Discussions will be based on the implications of strategic analysis and the results of descriptive statistics as well as service performance indices, which consist of Industry Dominant Traits, Retail Network Overview, Life Cycle Implication of Motorcycle Exclusive Retails, Retail Brand Positioning, Corporate Brand Overview, Strategy Review, Un-weighted Customer Satisfaction Index, Customer Loyalty Index and Performance indices.

RECAPITULATION OF ANALYSIS

Yamaha and Honda have sustained their respective positions as the main market leaders with an average of 35 percent and 48 percent of the market share in 2007 due to strong brand image and customer loyalty. Besides, they are the eminent brands of dealership that engage in a systematic delivery facility to the end users through providing services, spare parts and sales, which relate to before, during and after sales service.

Currently, Modenas exclusive retails are in the decline stage while Yamaha Motor exclusive retails are positioned at the maturity stage. Honda as the challenger of Yamaha is attacking by its intensive capacity of 4S concept stores in Malaysia but is unable to compete with Yamaha in terms of service quality. Yamaha is experiencing a good quality of customer service compared to Honda and Suzuki.

Managing the corporate brand of Yamaha Motor exclusive retails in Malaysia is important to keep strong brand equity in order to sustain competitiveness in the market. It is insightful to ensure that brand knowledge exists to generate good service
experience as well as the association of good brand image in the consumers’ memory whereas customer satisfaction will be the key success factor for the achievements.

The development of action plan for improving customer satisfaction will be paralleled to Hong Leong Yamaha Motor CCS (Customer and Community Satisfaction) core strategies comprising condition quality, people quality and system quality. These core strategies are important to drive and enhance the value of customer satisfaction culture in Yamaha community. All critical areas for each service performance could be rectified by using these core strategies.

The national average of Customer Loyalty Index in 2008 increased by 3.7 percent to 89.7 percent due to the effectiveness of the marketing services strategies implemented in 2008, while the national average of CSI decreased by 0.9 percent in 2008 (83.9 percent), which might be caused by the evolution of customer expectations from time to time. Many Yamaha customers might be attracted by the benefits provided by Yamaha Motor exclusive retails, which made them stay loyal to the store and recommend to their friends even though the service performance delivered was not within a good standard. The highest decrease in terms of service performance is delivery attributes followed by shop attributes, sales person attributes and maintenance service attributes. A total of eleven (11) Yamaha Motor exclusive retails in Malaysia were below the national average of Customer Loyalty Index. Eight (8) of them had both indices (CSI and Customer Loyalty Index) below the national average simultaneously. These eight (8) stores have been facing unfavourable conditions in terms of service quality, which could harm the overall corporate brand image of HLYM.
CHAPTER 6: RECOMMENDATIONS

The Un-weighted Customer Satisfaction Index (CSI) of HLYM is an index regarding the service performance of Yamaha Motor exclusive retails. It was calculated by using a simple average without applying any weighting factor to each mean score obtained from the four (4) parameters.

Moreover, this conventional calculation was fully granted in HLYM Quality Management System (ISO 9001:2000), which did not indicate any distinct impact on customer satisfaction. Nevertheless, every parameter (service performance attribute) was treated as equally important towards customer satisfaction and retention in the future. In reality, each parameter is able to produce a significant impact towards customer satisfaction, which has been proven by many researchers such as Ad-Macs Corporation Consultant (M).

6.1 Performance Matrix Introduction

Measuring the performance level of each parameter alone is not adequate to see the impact between customer's voices and expectations towards customer satisfaction. Subsequently, both the importance level of each parameter as well as the performance score should be analysed together to see greater impact. So, performance matrix analysis will be a tool for this requirement.

The performance matrix consists of parameters that were formatted into a Scatter plot. This matrix is derived from an average of weightings (importance score) and performance scores given by the respondents. Respondents will be requested to value the importance of the parameters by asking to rate the weighting factor, say from the...
value of one to the value of ten (Bhave, 2002). The result from the performance matrix analysis will be able to translate into a meaningful measurable descriptive report that is able to provide a useful way for typical improvements to redefine the focuses in enhancing customer satisfaction.

In addition to asking the respondents to rate the value of importance level for each parameter, the indication of importance level could be made by ensuring some questions relating to overall customer satisfaction are stated in the questionnaire as a dependent variable. As such, every parameter should be regressed with the overall customer satisfaction in which the value of regression coefficient generated by the equation will denote the importance level of each parameter towards customer satisfaction.

This performance matrix analysis will provide a better indication for manufacturers to prioritize their action plan by referring to the strongest relationship or impacts and, therefore, weighted CSIs could be recommended to HLYM to replace the current application of un-weighted CSIs that are unable to represent a distinct impact of customer satisfaction, and to encourage the usage of performance matrix analysis in the decision making process.

6.2 Justification on the Service Gaps

As HLYM was using an un-weighted CSI to measure the service performance of Yamaha Motor exclusive retails for many years without analysis in terms of importance level or impact of each service performance attribute towards overall customer satisfaction, justification on the service gaps and identification of
unfavourable factors in terms of poor service performance will be conducted practically and straightforward.

It could be done by using extraction techniques to identify the weakest attributes and factors that affect the overall service performance of Yamaha Motor exclusive retails in Malaysia the most. The sequence of extracting the weakest attributes and factors are as follows:

- Short list those attributes and factors which have given negative value changes (2008 versus 2007).
- Select those attributes and factors when the scores are below the national average.
- Finally, attributes and factors will be classified under critical and non-critical status.

Based on the service performance index, delivery attributes is the weakest area because it had the highest decreasing score (highest negative value changes) in 2008, however, it was not below the national average (CSI: 83.9 percent). On the other perspective, sales person attributes was the one with the score below the national average as well as with negative value changes. Thus, the most critical attribute that caused serious service gaps was sales person attributes followed by delivery attributes, maintenance service attributes and shop attributes (refer to Table 6.1).

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Score 2008</th>
<th>2008 vs 2007</th>
<th>Score vs Nat Av</th>
<th>-ve VC</th>
<th>&lt;Nat Av</th>
<th>Priority</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Person Attributes</td>
<td>82.0%</td>
<td>-0.8%</td>
<td>-1.90%</td>
<td>Yes</td>
<td>Yes</td>
<td>1</td>
<td>Critical</td>
</tr>
<tr>
<td>Delivery Attributes</td>
<td>84.4%</td>
<td>-2.3%</td>
<td>0.50%</td>
<td>Yes</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Maintenance Service Attributes</td>
<td>84.6%</td>
<td>-0.3%</td>
<td>0.65%</td>
<td>Yes</td>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Shop Attributes</td>
<td>87.9%</td>
<td>-1.1%</td>
<td>4.02%</td>
<td>Yes</td>
<td></td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

-ve VC: Negative Value Changes  
Nat Av: National Average (CSI: 83.9%)
In detail, all factors of service performance with the respective decreasing score will be selected for rectification. As shown in Table 6.2, a total of nineteen (19) factors with a negative value or less than zero were shortlisted for recovery action. The value changes of each factor, as discovered from the differences between times series (year 2008 versus 2007), will symbolise the overall performance of the factor alone, which means, the nineteen (19) factors were facing unfavourable performance due to negative value changes gained in 2008.

<table>
<thead>
<tr>
<th>No.</th>
<th>Parameter</th>
<th>Factor</th>
<th>2007</th>
<th>2008</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Sales Person Attributes</td>
<td>Attitude</td>
<td>90.0%</td>
<td>89.0%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>2</td>
<td>Sales Person Attributes</td>
<td>Willingness to listen to customer</td>
<td>88.0%</td>
<td>86.7%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>3</td>
<td>Sales Person Attributes</td>
<td>Explanation of sales terms and conditions</td>
<td>88.0%</td>
<td>87.2%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>4</td>
<td>Sales Person Attributes</td>
<td>Explanation of motorcycle service requirement and free inspection</td>
<td>83.0%</td>
<td>82.6%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>5</td>
<td>Sales Person Attributes</td>
<td>Test rides and demonstration</td>
<td>76.0%</td>
<td>67.6%</td>
<td>-8.4%</td>
</tr>
<tr>
<td>6</td>
<td>Sales Person Attributes</td>
<td>Dealership information</td>
<td>86.0%</td>
<td>84.8%</td>
<td>-1.2%</td>
</tr>
<tr>
<td>7</td>
<td>Sales Person Attributes</td>
<td>Overall handling of the sales professionalism</td>
<td>86.0%</td>
<td>83.7%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>8</td>
<td>Shop Attributes</td>
<td>Bike display in the shop</td>
<td>89.0%</td>
<td>87.4%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>9</td>
<td>Shop Attributes</td>
<td>Atmosphere of the shop</td>
<td>89.0%</td>
<td>87.4%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>10</td>
<td>Delivery Attributes</td>
<td>Appearance and cleanliness of motorcycle at delivery</td>
<td>91.0%</td>
<td>88.6%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>11</td>
<td>Delivery Attributes</td>
<td>Set up time at delivery and documentation procedure</td>
<td>89.0%</td>
<td>86.2%</td>
<td>-2.8%</td>
</tr>
<tr>
<td>12</td>
<td>Delivery Attributes</td>
<td>Explanation of PDI items during motorcycle delivery</td>
<td>85.0%</td>
<td>80.8%</td>
<td>-4.2%</td>
</tr>
<tr>
<td>13</td>
<td>Maintenance Service Attributes</td>
<td>Service staff performance</td>
<td>87.0%</td>
<td>86.1%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>14</td>
<td>Maintenance Service Attributes</td>
<td>Courtesy and friendliness</td>
<td>88.0%</td>
<td>87.3%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>15</td>
<td>Maintenance Service Attributes</td>
<td>Proper diagnosis of customer motorcycle</td>
<td>82.0%</td>
<td>81.3%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>16</td>
<td>Maintenance Service Attributes</td>
<td>Clear explanation of repair work requirement and job done</td>
<td>85.0%</td>
<td>84.2%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>17</td>
<td>Maintenance Service Attributes</td>
<td>Getting work done on time</td>
<td>86.0%</td>
<td>84.1%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>18</td>
<td>Maintenance Service Attributes</td>
<td>Commitment to job done right the 1st time</td>
<td>87.0%</td>
<td>85.9%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>19</td>
<td>Maintenance Service Attributes</td>
<td>Willingness to listen to customer complaints</td>
<td>88.0%</td>
<td>85.8%</td>
<td>-2.2%</td>
</tr>
</tbody>
</table>

Table 6.2: Shortlisted factors with negative value changes in 2008

Continually, all twenty six (26) factors will be further elaborated by comparing with the national average of respective attributes. The rationale of implementing this technique is to see whether the score of the factor is justifiable when it compares with the general score and to see how good the achievement is perceived under a group of sample or population. For example, if the score of a factor is below the base line of an average score of respective attributes, the factor will be chosen as the main priority for rectification.
Hence, referring to Figure 6.1, the weakest areas of sales person attributes consisted of two (2) factors; test rides and demonstration (67.6 percent), and explanation of genuine and imitation spare parts (71.1 percent). These factors indicated a relatively low score because they are positioned below the national average of sales person attributes (82.0 percent).

![Sales Person Attributes (2008)](image)

**Figure 6.1: Sales Person Attributes against national average**

Next, in terms of shop attributes, which were represented by three factors, it indicated that only two factors have scores below the national average (87.9 percent). The two (2) factors that will be needed for further improvement and rectification consisted of bike display in the shop (87.4 percent) and atmosphere of the shop (87.4 percent). These factors were relatively important to represent overall image of the store as well as corporate brand image (refer to Figure 6.2).
In terms of delivery attributes, the national average was 84.4 percent as shown in Figure 6.3. The most distinct factors as identified below national average consisted of explanation of motorcycle function at delivery (82.0 percent) and explanation of pre-delivery inspection items during motorcycle delivery (80.8 percent).
Lastly, the national average of maintenance service attributes was 84.6 percent, which will be a standard base line for the factors as shown in Figure 6.4. There were five (5) factors indicated at below national average; cleanliness of bike servicing area (83.0 percent), explanation of warranty (83.2 percent), proper diagnosis of customer motorcycle (81.3 percent), clear explanation of repair work requirements and job done (84.2 percent) and getting work done on time (84.1 percent). These factors are relatively important because they tend to contribute the most to customer loyalty in general.

![Figure 6.4: Maintenance Service Attributes against national average](image)

A total of eleven (11) unfavourable factors were grouped together as shown in Table 6.3 after being compared with the national average of each attribute. These factors gave negative values when the scores were compared with the national average.
Table 6.3: Unfavourable factors with scores below national average

In summary (refer to Table 6.4), there were twenty three (23) unfavourable factors in terms of poor performance (negative value changes and below national average) that have been rearranged into two (2) conditions; critical and non-critical, which are based on selection criteria as follows:

- Unfavourable factors with scores below the national average will be classified as critical factors.
- Next, all critical factors and non-critical factors will be rearranged based on the sequence of attributes starting from sales person attributes, delivery attributes, maintenance service attributes and shop attributes.

Table 6.4: Factors with negative value changes and below national average
Nevertheless, twenty three (23) unfavourable factors that affected the overall service performance could be rectified together in order to enhance the service quality of Yamaha Motor exclusive retails. Intensive care with an effective action plan must be prioritised and focused on the first eleven (11) critical factors due to the major effect on the Customer Satisfaction Index.

The development of the action plan will focus on all critical and non-critical factors and rely on three (3) core strategies (condition quality, people quality and system quality). In general, these core strategies are mainly related to standard service quality emphasized by HLYM.

### 6.3 Action Plan

An action plan for improving customer satisfaction will be developed by referring to Hong Leong Yamaha Motor Customer and Community Satisfaction (CCS) core strategies. CCS core strategies consist of condition quality, people quality and system quality, which could drive and enhance the value of the customer satisfaction culture in the Yamaha community (refer to Figure 6.5).

**Condition Quality**: An aspect of managing the physical area of the retail area (Sales, Service and Spare parts) and ensuring it has a responsive retail outlook that represents the overall Yamaha visual identity and is able to provide an atmosphere conducive to retail activities.
**People Quality**: An aspect of managing people, soft skills in order to handle customer matters well such as reliable explanations, technical solutions, warranty and customer complaints.

**System Quality**: An aspect of managing proper implementation by getting all matters of Sales, Service and Spare parts to be systematically worked together, interdependent, proper diagnostic and documentation. Facilities such as digitalization and connectivity will work best for managing system quality.

![Diagram](image)

*Source: Marketing Services, Condition, People & System Quality (CPS), HLYM Sdn. Bhd.*

*Figure 6.5: Customer & Community Satisfaction Core Strategy*

Improving condition quality is a strategic solution for any weaknesses related to shop attributes because it is mainly to rectify the condition of the store. The improvement will be referred to an application of impressive and conducive retail atmosphere, which is able to create a store that customers feel good about entering.

Moreover, managing and improving people quality is a strategic solution for any weaknesses discovered from sales person attributes and maintenance service attributes. This strategy is relevant to rectify those factors that relate to poor sales
service consultation and poor handling in terms of technical repairs and customer complaints.

In fact, managing system quality will not be ignored and is very important to improve any system failures identified specifically from delivery attributes. Failures of delivery attributes could consist of poor procedures that involve poor preparation of motorcycles for delivery and collection by customer.

**Tactical Approaches**

When the core strategies have been applied to each service performance attribute, thus, tactical approaches will be assigned for each core strategy with respective execution programmes in order to rectify all the relevant unfavourable factors that have been identified previously.

1. **Increase the frequency of monitoring and enforcement.**

   Improving condition quality, which also refers to the way of maintaining and ensuring the environment of the retail outlets to represent the brand image of Yamaha Motors and to ensure it is meeting the operating standard as required. As such, the most appropriate tactical approach for this core strategy is to increase the frequency of monitoring and enforcement.

   **Objective and Rationale:**

   The purpose of increasing the frequency of monitoring and enforcement is to ensure the dealers are improving and maintaining the physical condition of the stores continuously after being consulted by HLYM personnel with corrective advice.
Attitude problem is always a point of the environment being messy and disorganized. Besides, lack of motivation to maintain a conducive atmosphere for the stores is very critical and the reward and punishment will be the cure.

Proposed Executions:

a) HLYM’s commitment:

- Consult the respective Yamaha Motor exclusive dealers by revealing the most apparent weaknesses and asking for their cooperation to reduce the service gaps and to seriously take note of factor 10 and factor 11 (atmosphere of the shop and bike display in the shop as shown in Figure 37).
- Furthermore, activities, namely, observatory visits and a mystery shopper survey should be conducted frequently in order to gauge the standard of the exclusive retails and provide reports for user management.

b) Dealer’s commitment:

- Dealer should ensure good cooperation with HLYM in order to improve the condition of the store and to be optimistic of having a conducive retail.
- Moreover, dealers assistance and commitment will be needed to ensure the showroom and bike servicing area to meet the standard and ensure the bike display is Yamaha brand only and sufficient for customers to view.

2. Emphasising education and training to overcome weaknesses.

Managing people quality, which is a method of solving poor service performance in terms of personal services provided by sales persons and service technicians (mechanics) who are dealing with customers most of the time. There were seventeen
(17) unfavourable factors discovered from sales person attributes and maintenance
service attributes, which could be rectified by emphasising education and training to
overcome weaknesses.

Objective and Rationale:
The main purpose of emphasising education and training is to ensure the service
quality is consistent and the staffs are updated to overcome the latest weaknesses
discovered from service encounters. Yamaha Motor exclusive retails in Malaysia
always have a high turnover rate in terms of sales personnel and service technicians,
which has caused inconsistency in performance and service quality. In addition, many
staffs are reluctant to be trained, especially for the senior service technician’s
positions due to the illiteracy factor.

Proposed Executions:
a) HLYM’s commitment:

- An intensive care with effective rectification must be prioritised and focused
  on factors 1, 2, 5, 6, 7, 8 and 9 to create a better CSI in the future (test ride and
demonstration; explanation of genuine and imitation spare parts; proper diagnosis of
customer’s motorcycle; clear explanation of repair work requirement and job done;
getting work done one time; cleanliness of service area; explanation of warranty).

- Management supports in the development of quality education and training
  shall be emphasised in order to produce an effective training syllabus.

- The appropriate execution programmes for this approach are to conduct
  quality and interesting Salesmanship and Customer Care Training for dealer
sales staff and quality technical training (Yamaha Technical Academy) for
dealer service technicians.

b) HLYM Sales & Service Personnel’s commitment:

• To educate dealer with stated benefits of having test rides and a demonstration
  which would arouse customer confidence during the decision making process.
• To provide dealers with constructive information regarding genuine spare
  parts, imitation spare parts and the warranty process that will make the
  customer believe in HLYM and dealer and they will feel safe when using it.
• To stress a proper attitude of dealer service technician when giving a technical
  diagnosis, repair works and ensuring cleanliness of the service area which
  would make the customer feel good about the professionalism of the staff.
• To upgrade and enhance the quality of the training syllabus, handbook, CDs,
  video learning materials and learning academy.

c) Dealer’s commitment on their staff:

• To enforce their respective staff to attend all the HLYM Sales & Technical
  Trainings at least once a year.
• To provide intensive cares to their Sales & Technical staff in order to reduce
  the staff turnover rate.
• Dealers should not rely too much on HLYM’s motivation on their staff but
  team work between manufacturer and dealers should be emphasised to
  produce capable manpower for the business.
3. Educate and train to implement proper set up and documentation

Lastly, managing system quality refers to the way of improving any system failures identified specifically from delivery attributes. Failures of delivery attributes could consist of poor procedures that involve poor preparation of motorcycles for delivery and collection by customer. Thus, the most appropriate tactical approach for this core strategy is to educate and train to implement proper set up and documentation.

Objective and Rationale:

The main purpose of this tactic is to educate and train of how to implement a proper set up and documentation to ensure all Yamaha Motor exclusive retails in Malaysia are systematically and digitally applied for every transaction being made including before, during and after sales. Having proper documentation and a systematic set up are very important factors in quality control and always a part of ISO 9002. Lacking this terminology will create many potential mishaps either psychical or non-physical, especially in the motorcycle business. Customers will be coming back to sue and make claims for what they had paid and no repeat-purchases in the future.

Proposed Executions:

a) HLYM’s commitment:

- To consult the respective Yamaha Motor exclusive dealers by revealing the four (4) unfavourable factors and asking for their cooperation to reduce the service gaps and to seriously take note of at least factor 3 and factor 4, which consist of explanation of pre-delivery (PDI) items during motorcycle delivery and explanation of motorcycle functions at delivery.
• To seek dealer’s cooperation to document all the PDI records and give a proper explanation of motorcycle functions when delivery transactions are conducted and make them aware of the potential risks of not conducting the task.

• Moreover, HLYM to enforce frequent observatory visits and mystery shopper surveys in order to observe whether they have made the improvement or changes.

• Furthermore, incorporate an effective syllabus by stressing the benefits of the implementation and the importance of having it through quality Salesmanship and Customer Care Training.

b) Dealer’s commitment:

• Dealer to ensure that they will have intention to change its current management system and implement systematic procedure.

• Recruit additional staff that equipped with IT skill who able to contribute in managing the digital transaction.

• Dealer to ensure good discipline in getting everything documented and duplication to be provided to the customer upon delivery.

In summary, all the twenty three (23) unfavourable factors in terms of poor service performance could be rectified strategically by getting the three (3) CCS core strategies in place. As shown in Figure 6.6, the diagram of strategy overview illustrates the summary of CCS core strategies, tactical approaches and effective programmes for execution.
There were many similarities in the action plans for 2008 and 2009. Most of the approaches illustrated in 2009 were extended from 2008 and imparted with quality enforcement. The major differences are noticeably based on the quality of training and effective learning. It is important for Training syllabuses and materials to be upgraded continuously in terms of effectiveness to ensure the learning capability of dealers and sales staff as well. In addition, strictness and frequent observatory visits will be practiced by HLYM in order to monitor the service quality provided by Yamaha Motor exclusive retails. Moreover, internal training to enhance the quality of HLYM instructors (Train the trainer programme) will be the main consideration in 2009 as the quality of service performance provided by dealers will rely directly on the quality of HLYM instructors as well.

By doing so, the eleven (11) Yamaha Motor exclusive retails in Malaysia, who have their respective CSI and customer loyalty index below the national average, will be chosen as the main focus for intensive improvement. They are Dealer1, Dealer2,
Dealer3, Dealer4, Dealer5, Dealer6, Dealer7, Dealer10, Dealer16, Dealer18 and Dealer19 (refer to Figure 6.7).

![Indices for the year of 2008]

Figure 6.7: Indices for the year of 2008; National CSI and Loyalty Index

6.4 Implementation and Scheduling

An annual implementation and scheduling for 2009 will be developed in order to ensure all managerial and execution tasks can be accomplished on time, which consists of preparation of action plan, execution of tactical approaches and review activity. Three stages (pre-event, during event and post-event) have been designed for the year as shown in Figure 6.8. The stages are pre-event four (4) months, during event five (5) months and post-event stage (3 months).
The major functions in the pre-event stage relate to planning and management procedures. Within this period, the works consist of data analysis and CSI computation, discussion on the findings and share results with key management, preparation of action plan, budgeting, presentation to board of management, review and develop training syllabus and share results with Yamaha Motor exclusive dealers.

During the event stage, the executions will mostly relate to the training programme. The training programme will start in May and continue until Sep 2009. It will consist of Salesmanship and Customer Care Training for all Yamaha Motor exclusive dealers’ sales staff and Yamaha Technical Academy (YTA) Training for all dealers’ mechanics to raise their professional level to a higher level of advanced learning. There are about five to six training programmes to be conducted for each month.
Finally, for the post event stage, which could be considered as the evaluation stage, where spot checks, review and survey on customer service quality will be conducted. The main activities of this stage consist of the mystery shopper survey on Yamaha Motor exclusive retails, tracking competitors’ movement and conducting observatory visits to monitor condition quality and system quality of exclusive retails. The customer satisfaction index survey will be executed by the end of the year.

6.5 Milestone of Implementation

A Time-series projection of customer satisfaction index and customer loyalty index for 2009 and 2010 are developed by using trend projection. These projection results will be meaningful if the action plans are implemented accordingly to rectify the weaknesses discovered from the analysis as stated previously.

This projection technique fits the trend line to a series of historical data points and then projects the line into the future for medium-to-long-range forecast. A linear trend line will be developed by using a precise statistical method; least squares method. This approach results in a straight line that minimizes the sum of the squares of the vertical differences or deviation from the line to each of the actual observations (Jay Heizer, 2006).

As shown in Figure 6.9, the customer loyalty index for 2009 and 2010 was projected at 92.0 percent and 94.6 percent, respectively, while the customer satisfaction index was projected at 92.9 percent (2009) and 99.2 percent (2010). Both indices were projected by using scientific methodology (Least Squares Projection) and these results have been debated by the key management of HLYM.
As commented by key management, the trend line of indices projected by using the scientific method seemed too high to be achieved and considered unrealistic at this moment. Moreover, the Customer Satisfaction Index could not be higher than the Customer Loyalty Index in reality. It is meaningless if the customer loyalty is low or does not exist even if customers have been satisfied with the service provided. Nevertheless, the satisfaction index is always lower than the loyalty index as proven by the indication for the years 2005 until 2008.

Besides, the customer expectancy level is always inconsistent and unable to be fully met. Thus, a tight monitoring of gradual increments for both indices is essential in order to avoid drastic surges or decreases. Nonetheless, if there is a drastic surge for a certain year, there is a high possibility of a drastic drop in the future. A High Customer Satisfaction Index cannot be sustained long in reality as people will perceive that service performance of any business always fluctuates according to the changes in customer expectation from time to time. Therefore, a conventional adjustment was made to the trend line of indices by targeting as follows:

- Customer Satisfaction Index - 85.0 percent in 2009 and 86.0 percent in 2010
- Customer Loyalty Index - 91.0 percent in 2009 and 92.0 percent in 2010.
6.6 Sales Projection and Cost Benefit Analysis

The forecast of Yamaha motorcycle sales for the year of 2009 and 2010 will be regressed between historical CSI and historical sales volume by applying least square method. When the CSI is 85 percent in 2009 and 86 percent in 2010, the sales volume of Yamaha motorcycle will be forecasted at 183,752 units and 188,201 units respectively (refer to figure 6.10). The decreasing unit of sale by 6431 units in 2009 is due to the outcome gained from low CSI in 2008 and later on, the sales will be predicted to improve in 2010 when the CSI reached at 85 percent in 2009.

The total allocation of capital expenditure (CAPEX) for Customer Relationship Management (CRM) activities varied over the years. As such, cost benefit analysis is applied to measure the effectiveness of total cost allocated for each unit of sales. The cost benefit per unit of sales for each year is indicated a downward trend except a mild increase in 2008 due to additional CAPEX allocated for CRM activities (refer to figure 6.10). While, the following cost benefit per unit of sales in 2009 and 2010 are forecasted at RM0.44 and RM0.43 respectively. Thus, improvement in CSI is vital in
order to produce good sales volume which could dedicate cost effective in term of cost benefit for each unit of sales in future.

Figure 6.10: Sales Projection & Cost Benefit Analysis, 2005-2010
CHAPTER 7: RISK MANAGEMENT & CONTINGENCY PLANNING

Many businesses today tend to have high risk, high visibility and high impact on their customers as well as our everyday lives because of high exposure to potential crises. Due to these characteristics, the potential damage from a crisis can be greatly multiplied. Unprepared, misinformed or ill-at-ease management, or disgruntled dealers and customers have the potential of doing inestimable damage to the business or industry. As such, this chapter will produce some suggestions for contingency planning for any matters that are uncontrollable or result from failure in implementation.

7.1 JUSTIFICATION OF POTENTIAL RISKS

Most of the time, the failure in implementation is seldom caused by the lack of resources allocated for improvement programmes but is mainly caused by attitude problems among the dealers who are not willing to accept the improvement or reject the changes.

Moreover, a lack of support and conflict between the manufacturer and dealers, will tend to produce a severe constraint for HLYM in achieving its policy of having Customer Satisfaction No.1; a policy of setting customer satisfaction as a main priority. Dealers might be reluctant to implement those activities that relate to consumer centric programmes recommended by the manufacturer because their aim is to make a quick profit based on fair customer service and to achieve the state target for incentives.
In terms of CSI, the method of calculation is based on conventional techniques that are granted in the HLYM Quality Management System (ISO 9001:2000), which means the index computation is indicated as an un-weighted CSI. This index is unable to denote any impact between service performance attributes and customer satisfaction and might cause potential failure in terms of effectiveness of the action plan. Service performance attributes were unable to be regressed with overall customer satisfaction, which is typically applied by many consultancies and research companies who specialize in measuring customer satisfaction.

Thus, five (5) contingency plans have been developed as back up for tactical approaches to fulfil the corporate mission.

### 7.2 METHODOLOGY OF IDENTIFYING POTENTIAL RISKS

In addition to having three (3) tactical approaches as stated previously in the action plan (to educate and train to overcome weakness, to educate and train to implement proper set up and documentation and to increase frequency of monitoring-enforcement), a few tactical approaches will be placed as reserve players to ascertain whether the improvement really goes accordingly or not; an observatory visit and mystery shopper survey will be able to provide some useful information of overall improvement progress being made by the people (Yamaha Motor exclusive retails).
7.3 CONTINGENCY STRATEGY

Five contingency strategies have been created for back up purposes, which consist of a new reward programme, termination of exclusivity, expansion of coverage, customer relationship marketing and conduct CSI with weighting factor.

**Contingency Plan 1**

The first contingency plan is to implement a new dealer’s reward programme, a benefit driven approach by replacing the standard package, which is unattractive, with an attractive one. The creation of a new dealer’s reward programme incorporating better incentives returns will be able to stimulate the dealer’s mindset towards consumer centric perception and motivate dealer’s commitment towards the positive application of good customer service for future profits.

**Contingency Plan 2**

The second contingency plan is to conduct a termination of the exclusivity, a punishment aspect for those Yamaha Motor exclusive retails that did not comply with HLYM’s operating standards. For example, dealers unable to meet the standard requirements or that do not make improvements requested by the manufacturer to enhance the quality of service performance and overall representation of Yamaha image. In these cases, degrading of the exclusivity status will be imposed on them and they will become a normal dealer just doing normal selling activities.

**Contingency Plan 3**

The third contingency plan is to continuously expand the coverage of Yamaha Motor exclusive retail programme by encouraging new applications from young dealers as
well as recommendations to upgrade from their standard dealership to an exclusive dealership. There are still plenty of Yamaha dealerships in Malaysia that could be explored by introducing an exclusive retail programme to them. This introduction should be focused on those applicants who are young enough, energetic and positive thinking who are willing to accept an ever-changing trend, positively adapt to new ideas and concepts, look forward to continuous improvement and strongly abide by any requirements stated by the manufacturer from time to time.

**Contingency Plan 4**

Next, CRM (Customer Relationship Management) is a very good supporting tool for all Yamaha Motor exclusive retails in gaining merit from Yamaha customers. Service performance of the retails will be enhanced naturally if the dealers take initiatives to implement any CRM programmes recommended by the manufacturer. Monetary contributions from the manufacturer are an essential resource to support the smoothness of their CRM programme. Dealers will make themselves feel better in front of their customers if their customer programme, such as customer day, bike servicing campaign, riding expedition programme and so forth are partly supported by the manufacturer and they will be delighted as their main critical issue and constraint is monetary and non-monetary resources.

**Contingency Plan 5**

As for the fifth contingency plan, if the whole action plan is really unable to rectify the weaknesses projected by the un-weighted CSI effectively it means it is a measuring problem. Measuring the performance level of each parameter alone is not adequate to see the impact between customer's voices and expectations towards
customer satisfaction. Subsequently, both importance levels of each parameter as well as the performance score should be analysed together to see greater impact. Consequently, the performance matrix analysis will be a tool for this requirement. The performance matrix analysis will provide a better indication for manufacturers to prioritize their action plan by referring to the strongest relationship or impact and, therefore, weighted CSI could be recommended to HLYM to replace the current application of un-weighted CSI, which is unable to represent a distinct impact of customer satisfaction and to encourage the usage of performance matrix analysis in the decision making process.

An overview of risk management and contingency planning for 2009, which indicated the connectivity amongst marketing services strategies, potential risks and back up strategies, has been summarized and shown in Figure 7.1.

![Risk Management & Contingency Planning](image)

**Figure 7.1: Risk Management & Contingency Planning, 2009**
CHAPTER 8: CONCLUSIONS

Intensive concentration on identified weaknesses and reconstruction of marketing services strategies for 2009 has been emphasised by enforcing service quality in all aspects of service encounter, which consists of providing bundles of effective solutions, redefining strategic roles for all dealers, ensure that the strategic action plan is implemented in stages to sustain customer retention, stepping up the corporate brand equity and reduce the service gaps between CSI and national average and lastly, to ensure the achievement of Customer Satisfaction Number One policy.

8.1 OVERALL SUMMARY

The moving trend line of indices from 2005-2008 were unparallel and have contributed to an unhealthy sign on the overall image of Yamaha Motor exclusive retails in Malaysia. However, the predicted strategic issues that were contributing to the inconsistency and fluctuating of CSI over the years might be due to the ever changing customer mindset of being self-service and diversification. Moreover, dealers’ commitment to enhancing customers’ confidence tends to affect the overall service performance, which will reflect customer loyalty and switching behaviour in the future. The Customer Loyalty Index for 2008 was improving because of the effectiveness of strategies extended from 2007 while the CSI seemed unfavourable due to an evolution of customer expectations from time to time, which has made service performance towards customer loyalty ever challenging.

Currently, the Customer Loyalty index increased 3.7 percent to 89.7 percent in 2008 but Customer Satisfaction Index decreased 0.9 percent to 83.9 percent in 2008. Performance scores of each parameter (attribute) reached more than 80 percent and
were considered as very high scores for Yamaha Motor exclusive retails. The total identification of weaknesses is twenty three (23) that require improvement and eleven (11) factors have been prioritized as they are deemed critical. These are derived from sales person attributes followed by delivery attributes, maintenance service attributes and shop attributes.

The weakest factors of the attributes will be rectified by using three (3) CCS core strategies (Condition Quality, People Quality and System Quality). The tactical approaches for each core strategy comprise the following:

- To increase frequency of monitoring and enforcement (improve condition quality).
- To educate and train to overcome weakness (improve people quality).
- To educate and train to implement proper set up and documentation (improve system quality).

There are 11 stores or 42 percent of the total Yamaha Motor exclusive retails in Malaysia that have their respective indices below the national average and have been classified as the main focus for critical improvement.

**8.2 SCHEDULING AND MILESTONE RECOMMENDATION**

The execution plan has been divided into three stages, which consist of pre-event for the first stage followed by the second stage (during event) and the third stage (post-event). For the first four month pre-event stage, the major executions will be related to planning and management procedures. While for the event stage, a five month period is allocated for programme execution, which relates to training programmes such as
Salesmanship and Customer Care Training and Yamaha Technical Academy Training. Lastly, a three month period is allocated for the post-event stage by the end of the year where the executions will consist of spot checks, observatory visits, mystery shopper survey and Customer Satisfaction Index survey.

The time-series projection of Customer Satisfaction Index and Customer Loyalty Index for the following years – 2009 and 2010 – will rely very much on the implementation of the action plan in order to rectify the weaknesses discovered from the analysis as stated previously. The customer expectancy level is always inconsistent and unable to be fully met. Thus, a tight monitoring for gradual increment of both indices is essential to avoid drastic surges or decreases in terms of value changes. If there is a drastic surge for a certain year, there is a high possibility of a drastic drop in the future.

In reality, a high CSI cannot last long as people will perceive that service performance of any business will always fluctuate because of the changes in customer expectations from time to time and, therefore, the trend lines of indices are targeted at 85.0 percent (2009) and 86 percent (2010) for CSI and 91.0 percent (2009) and 92.0 percent (2010) for Customer Loyalty Index, which are deemed manageable and purposive. Improvement in CSI is vital in order to produce good sales volume which could dedicate cost effective in term of cost benefit for each unit of sales in future.
REFERENCES


Hoffman and Bateson (2006), Services Marketing, USA: Thomson South-Western, 304.


