Improving the After-sales Service: An Empirical Investigation into Toyota Motor Vietnam

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Abstract—This study aimed to improve the after-sales service of Toyota Motor Vietnam. By qualitative research method was interviewed 10 customers and 10 service managers at dealers, we found the strengths and weaknesses of after-sales service of Toyota Motor Vietnam. From the research findings, some recommendations are accordingly proposed.

Keywords—After-sales service, Toyota Motor Vietnam, automotive industry.

I. INTRODUCTION

The automobile industry in Vietnam is considered as an important strategy and a key economy of Vietnam today. In Vietnam, the last two decades have seen car sales steadily increase along with the country’s economic growth. While still a relatively small market compared to its Southeast Asian neighbors, Vietnam is the fastest-growing automotive market.

According to TMV report on the website, as one of the first automotive joint ventures in Vietnam, Toyota Motor Vietnam (TMV) never stops making efforts to be "Moving Forward" together with Vietnam and has become the most valuable automotive brand in the Vietnamese market in the region. For more than 20 years since its establishment, TMV has reinforced to become the first position in Vietnam’s automobile production for multiple years in a row, not only in business but also in social contributions as a good citizen of Vietnam.

To meet the higher needs as well as provide opportunities for customers to approach high-quality products and services of Toyota, TMV has developed the sales and after-sales service network throughout the country. After-sales service plays an important role in customer satisfaction and customer retention. It generates loyal customers and increases brand value. Therefore, this study will be conducted to investigate the strengths and weaknesses of after-sales service of TMV. Then base from that propose improvement solutions to enhance to after-sales service for TMV.

II. LITERATURE REVIEW

A. After-sales Service

According to Cohen et al. (2006), after sales service involves a continuous interaction between the service provider and the customer throughout the post-purchase product life cycle. At the time the product is sold to the customer, this interaction is formalized by a mutually agreed warranty or service contract. After-sales customer care or after-sales service is simply understood as the activities to interact with after-sales customers.

According to Kotler (2002), attracting a new customer is five times greater than the cost to keep a current customer happy. Good after-sales are a vivid expression of the modern marketing concept not only care about transactions but also care about customer relations and keeping old customers is more important than having new customers. According to Loomba (1998), the main objective of the after-sales is to keep the customer satisfied through trust, credibility, and sense of security conveyed by the organization, and building lasting relationships that contribute to increased performance for sustainable results.

B. After-sales Service in the Automotive Industry

In the automobile industry, the automaker usually does not directly provide after-sales service, but the authorized dealers perform on its behalf. Dealers must perform the service following the automaker's standards regulation to build and maintain cooperation between customers and dealers to achieve reliability and customer satisfaction and to make the spare parts and service business available efficiency, thereby contributing to promoting the sale of new cars.

The range of after-sales service is very wide, including all the jobs regarding products and customers' interests. Can recognize this is an activity to maintain brand reputation or maintenance, instruction the car.

C. The Role of After-Sales Service in the Automotive Industry

Customer satisfaction

According to Foss and Stone (2001), increasing competition in the automotive market combined with the rapid development of new customer service technologies has increased the focus on enhancing the customer relationship. As the nature of the products (vehicles) in the automotive industry is highly vulnerable to technical and mechanical problems, effective after sale service is very essential to attract new customers and retain existing customers. Following the commitment to the quality employee in every area maintains a constant and strong awareness of issues and a sense of ownership and makes ongoing efforts to implement kaizen and to collaborate closely with personnel in other fields to enhance customer safety, peace of mind, and satisfaction.

Customer retention

Gaiardelli et al. (2007) define after sale service as those activities taking place after the purchase of the product and devoted to supporting customers in the usage and disposal of the goods to make them loyal. Customer retention refers to the activities and actions companies and organizations take to reduce the number of customer defections. In recent years, the average duration of car use has been lengthening. As a result,
the role of after-sales service is becoming increasingly important.

**Brand reputation**

According to Krep et al. (1985) brand reputation refers to how a brand (whether for an individual or a company) is viewed by others. Nowadays the automotive company has deployed a lot of projects to maintain a good reputation for the company not only in quality products but also about the humanities, contributing to society by making automobiles, striving to contribute to the sustainable growth of society. On the other hand, set environment, traffic safety, and education as the three global priority fields for initiatives, in addition to making social contributions through the main business. Besides that, cultural and other activities according to the social needs of each country or region, utilizing the resources of technology and expertise, etc. Also, focus on volunteering and passing on automotive and manufacturing cultures to the next generation to enrich the lives of communities. It’s all of the things that contribute to the good reputation of the company.

**III. TOYOTA’S AFTER-SALES SERVICE**

**A. General about Toyota Motor Vietnam**

Toyota Motor Vietnam (TMV), established in September 1995, is a joint venture with an initial investment of US $ 89.6 million from Toyota Corporation Japan (70%), Machinery Corporation. Engine and Agricultural Machinery - VEAM (20%) and Singapore KUO Co., Ltd (10%).

With the commitment to sustainable development in Vietnam, TMV has been making the best effort in investing and expanding production. TMV always holds the leading position in Vietnam automobile market with the company’s factory output of over 30,000 cars/year (in 2 shifts).

![Toyota Production Volume (vehicles)](image1)

(Source: Toyota Motor Vietnam Co., Ltd, 2019)

In recent years, the competitive market share of TMV decreased. However, Vios, Innova, and Fortuner (model of Toyota’s car) was still in the top 10 best-selling cars of VAMA as we could see Toyota still take a high portion for market share in VAMA report.

**B. Toyota’s After-Sale Service**

**a. Technical section**

Technical section just around things related to technology and could be:

- Warranty service: starts from the time the vehicle is delivered to the first owner. Within 36 months or 100,000 km, whichever comes first, Toyota makes sure to repair or replace any damaged Toyota vehicle parts. Warranty of battery: The warranty period for batteries is 12 months or 20,000 km, whichever comes first. The tire is also guaranteed by the manufacturer of the tire.

![Market Share in VAMA Per Year (vehicles)](image2)

(Source: Toyota Motor Vietnam Co., Ltd, 2019)

- Maintenance service: During operation, many parts of the vehicle are worn or damaged over time. Periodic maintenance should be performed after every “5,000 Km or 06 months, whichever comes first”. Therefore, need to take the vehicle for periodic inspection and maintenance to ensure each component and the overall vehicle are always operated well.

- Repairing and replacement service: Toyota also provides repair services for damage caused by the collision that your vehicle encountered during use. That service is called Body and Paint Repair. Genuine Toyota dealers are built with modern facilities, comfortable equipment, and specialized equipment, specially designed. Especially for the maintenance and repair of Toyota vehicles with the highest quality and in the shortest time.

- Mobile service: This is a new type of service in the field of automotive, just call the hotline to troubleshoot or damage as customer request. Ensure the vehicle circulation is not stopped. Mobile service includes repair and maintenance of vehicles as required when the owner is too busy to bring the car go to the service station of the dealer and Rescue vehicles in case of an emergency repair.

**b. Financial section**

- Toyota financial service: Toyota is the first automotive manufacturer in Vietnam to have loans for a loan that helping customers quickly owning cars through convenient and fast procedures - diversity, competitive products.

- Toyota genuine used car program: Toyota Sure is the brand name for the car sales service of Toyota Vietnam. Toyota Sure helps customers feel secure when buying and selling used cars at genuine Toyota dealers.

- Toyota insurance: brings high-quality insurance products with large insurance scale, quick, professional, and clear compensation procedure.

- Genuine Accessories: can bring more joy for customer to modify their car with genuine accessories and the performance for the car.

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C. Customer Satisfaction Index (CSI) with After-Sales Service of Toyota

With lots of efforts in after-sales service, Toyota ranks highest for the third consecutive year, with a CSI score of 837 points in 2018. Among the eight brands ranked in the study, Toyota performs particularly well on service facility and service quality.}

However, in 2019 Ford ranks highest with a score of 832. Mitsubishi and Toyota (823 each) rank third in a tie. The drop in the ranking of CSI shows that in Vietnam auto market, it is challenging for keeping the number one in after-sales service all the time because many opponent brands are growing up very fast. Therefore, TMV needs to find out the causes of dropping in satisfaction.

IV. RESEARCH METHODOLOGY

Based on finding the causes of dissatisfaction, we selected some customers and dealers for deep interviews. Each respondent was invited to a one-on-one interview. Duration of the interview is from 45 to 60 minutes, concentrated on the following questions as:

- What you think is good/strengths of Toyota’s after-sales service?
- What you think is not good/weakness of Toyota’s after-sales service?
- If to advise after-sales service, in your opinion what Toyota needs to change?

The interviews were conducted in Vietnamese therefore the respondents can express their opinion more thoroughly and independently (Tables 1 and 2).


V. DATA ANALYSIS AND DISCUSSION

A. The strengths of Toyota’s After-Sales Service Technical section

Most of the customers are believing that this kind of car is good about quality. TMV is providing sales, warranty, maintenance, and repair services and genuine Toyota vehicles with the dedication and professionalism to bring the highest satisfaction. Besides, Toyota’s resources have been trained with instructors at TMV with high experience and practice for a long time. With a team of highly qualified, professionally trained employees, with modern facilities and equipment according to Toyota global standards, authorized dealers, dealers, and service stations. Some opinions of respondents like:

“Professional appearance and handle my car carefully” (C4)
“Toyota has a high standard in quality in service and process” (C3)
“Proactive to remind a customer to bring the car to the dealer for maintenance” (C6)

Some service manager at dealers give the detail of the process’s improvement:

“Shorter paperwork time preferred: Satisfaction is higher than the average among customers whose paperwork process finished within five minutes. Paperwork process during vehicle pickup takes 18 minutes on average” (S5, S7)

### TABLE 1: Service Manager at Dealers

<table>
<thead>
<tr>
<th>Code</th>
<th>Full name</th>
<th>Position</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1</td>
<td>Truong Van Minh</td>
<td>Service Manager</td>
<td>Toyota Da Nang</td>
</tr>
<tr>
<td>S2</td>
<td>Pham Xuan Hoan</td>
<td>Service Manager</td>
<td>Toyota Bao Vinh Me Thuot</td>
</tr>
<tr>
<td>S3</td>
<td>Nguyen Thanh Trung</td>
<td>Deputy Manager</td>
<td>Toyota An Thanh Fukushima</td>
</tr>
<tr>
<td>S4</td>
<td>Truong Nguyen lien</td>
<td>Service Manager</td>
<td>Toyota Ben Thanh</td>
</tr>
<tr>
<td>S5</td>
<td>Nguyen Ngoc Anh Tuan</td>
<td>Service Manager</td>
<td>Toyota Dong Sai Gon</td>
</tr>
<tr>
<td>S6</td>
<td>Nguyen Thanh Quang</td>
<td>Service Manager</td>
<td>Toyota SamCo</td>
</tr>
<tr>
<td>S7</td>
<td>Le Minh Tri</td>
<td>Director</td>
<td>Toyota Phu My Hung</td>
</tr>
<tr>
<td>S8</td>
<td>Mai Tu Qui</td>
<td>Deputy Director</td>
<td>Toyota Binh Thuan</td>
</tr>
<tr>
<td>S9</td>
<td>Nguyen Hoang Cam</td>
<td>Service Manager</td>
<td>Toyota Can Tho</td>
</tr>
<tr>
<td>S10</td>
<td>Bui Duc Nha</td>
<td>Service Manager</td>
<td>Toyota Tien Giang</td>
</tr>
</tbody>
</table>

Source: Consolidate by author

### TABLE 2: Random customers

<table>
<thead>
<tr>
<th>Code</th>
<th>Full name</th>
<th>Owner of car model</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>Pham Thanh Ha</td>
<td>Vios</td>
<td>District 9</td>
</tr>
<tr>
<td>C2</td>
<td>Nguyen Thu Dien</td>
<td>Altis</td>
<td>District 9</td>
</tr>
<tr>
<td>C3</td>
<td>Le Thanh Phat</td>
<td>Altis</td>
<td>Thu Duc District</td>
</tr>
<tr>
<td>C4</td>
<td>Nguyen Anh Tuan</td>
<td>Camry</td>
<td>District 2</td>
</tr>
<tr>
<td>C5</td>
<td>Nguyen Ba Tri</td>
<td>Camry</td>
<td>District 2</td>
</tr>
<tr>
<td>C6</td>
<td>Dao Quang Toan</td>
<td>Fortuner</td>
<td>District 1</td>
</tr>
<tr>
<td>C7</td>
<td>Nguyen Cong Quan</td>
<td>Wigo</td>
<td>Thu Duc District</td>
</tr>
<tr>
<td>C8</td>
<td>Mai Van Binh</td>
<td>Rush</td>
<td>Thu Duc District</td>
</tr>
<tr>
<td>C9</td>
<td>Dinh Hoang Dung</td>
<td>Rush</td>
<td>Bien Hoa City</td>
</tr>
<tr>
<td>C10</td>
<td>Tran Van Khoa</td>
<td>Land Prado</td>
<td>Bien Hoa City</td>
</tr>
</tbody>
</table>

Source: Consolidate by author

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“Text updates help drive satisfaction: For the 21% of customers who receive service status updates through text message/manufacturer’s app, satisfaction is higher than the average. Similarly, for 22% of customers who receive updates through email, satisfaction is higher than the average”. (S3)

“Satisfaction is higher when scheduling on the digital platform: Although only a small proportion of customers made service appointments through digital platforms (3% on manufacturer’s applications and 6% on manufacturer’s website), these customers are more satisfied compared to those who made an appointment through offline channels, such as calling directly or sending an SMS message. However, for future service visits, 27% of customers would prefer to make appointments on the manufacturer’s website (10%) and app (17%)”. (S9, S10)

Financial section

Intending to bring financial solutions to Toyota car buyers and authorized dealers, Toyota financial services are implementing the ‘Credit loan for buying a car loan from Toyota, buying Toyota cars’ model. With competitive interest, time with flexible loans, simple procedures as well as fast credit approval, Toyota financial services is the first choice for anyone who wants to own a Toyota car.

“I borrowed money from Toyota financial services to buy a car. I am assured of the interest policy as well as the procedure is very simple and fast” (C10)

“Toyota has a variety of payment methods: Only 27% of all transactions are made via non-cash methods such as credit cards or mobile wallets. However, an increasing percentage of customers are showing a preference for these methods. Those who prefer to pay with a credit card is 51%, up from 42% in 2018; those who prefer a mobile application is 19%, up from 11% in 2018; and those who use membership points is 16%, up from 10% in 2018” (S2)

Genuine Used Car Program brought peace of mind and assurance to customers who buy and sell used cars.

“I have not got so much money, so I choose a used car, but I worry about the quality of it. Toyota Sure will provide genuine warranty service throughout the Toyota Vietnam dealer network with eligible cars for 1 year or 20,000 km for the engine and gearbox. I think it is a good select for me”. (C5)

A dealer gives some more detail “Rigorous and comprehensive testing and evaluation with 176 technical items by Toyota experts. Toyota Sure will also check the legal records and repair history of the car. Only qualified vehicles will be issued a certificate” (S1).

Besides, most of customer and manager confirmed that have Toyota have a large network from North to South. Customers feeling secure when using Toyota’s car everywhere they go.

“Toyota After-sales service got dominant about network compare with competitors” (S3, S4)

“Toyota network is fulfilling from North to South in Vietnam so I can easily get help if my car in trouble” (C3)

“Easily to find a Toyota dealer to get help” (C7, C9)

B. The weaknesses of Toyota’s After-Sales Service

The price for spare parts and service hour’s not attractive compared with other brands. This lead customer feels not satisfy and always try not to bring the car to the dealer to perform periodic maintenance or replace a broken part. This cannot secure the safety of the original car. Some opinions of respondents like:

“Service price is not really competitive with competitors” (C7, C2).

“Need to adjust the fee and reduce the wait time because I can’t wait all day in dealer”, “Fee for maintenance and genuine part still higher than the market” (C1).

“Time for fixing is sometimes longer than estimate” (C10)

“Higher fee for replacing part” (C3)

Some newbie with a lack of experience hands-on the car with intentionally damage the car function.

“Need to improve technical skill for technician because I have some problem with my car when I bring to dealer due to technician intentionally forget to tighten the screw” (C4).

“Some issues repeat even fixed at the dealer before” (C9)

Many customers want the dealer to equip more technical tools to support fixing the car and upgrade lounge for kids because it is still very limited, especially when customers have a child and need space for children to enjoy there.

“Quite satisfy but dealer much pay more attention in lounge room every time I have to wait for my car being fixed” (C10)

“Time for fixing is longer than the estimate due to lack of a technical tool for supporting troubleshoot” (C7).

VI. CONCLUSIONS

Toyota’s after-sales service is growing and improving, they are always finding new service policies to attract customers, increasingly creating a trust for customers. Besides strength points, some weaknesses still exist that Toyota needs improve them.

Price for Spare Part

TMV could reduce the cost for spare part by enhancing the use of the domestic part. At the factory, also manufactures many other components and spare parts right at TMV factory such as chassis, oil pipe, exhaust pipe. TMV needs constantly researching to introduce more strains. Details in manufacturing and manufacturing at TMV factory, contributing to raising the localization rate of the company and contributing to the overall development of Vietnam’s automobile industry. Besides, TMV must invite auto parts suppliers of Toyota Group to invest in Vietnam to serve domestic production as well as the export of auto parts to the globe.

Service Hour Price

To reduce this cost, TMV should reinforce in the labor force that remains the high quality but easy to fill up. With the crowded labor force, high-quality training, the fee needs to pay for hour service will be slightly degree as a result. Toyota Motor Vietnam (TMV) must expand the Toyota Technical Training Program (also known as T-TEP), to

continue to support more specialized automobile training in technical vocational training, bringing learning and practical conditions, best practice for students to learn automobile repair technology.

**Improve the Infrastructure and Equipment for Workshop and Lounge**

A dealer with full facilities to keep up with the development of society will have the best service quality. The enhancement of advanced and modern facilities and equipment will contribute to improving labor efficiency, and at the same time improve service quality, well meet the requirements of socio-economic development in the current integration trend. 

**Lounge:**

Utilize digital technology at dealership’s strategic customer interaction points including Lounge, Showroom, F&I, Service Center, Parts, Café, and New Car Delivery areas to improve customer satisfaction, reinforce brand image, and create the opportunity to increase the bottom line.

Make sure the showroom experience is a positive one. Build a waiting area or lounge as it adds to the leisure, and provides a sense of comfort to customers when they walk in. And if most of the visitors are parents who bring their kids along, design a small children’s play area. This is one simple yet effective manner to drive engagement and gain the complete attention of the customer.

**Workshop:**

An efficient workshop is one that works as close to full utilization as possible. On the other hand, having excess or obsolete stock can prove very costly. Understanding assets are used and replenished is the first step in facilitating more appropriate scheduling for operation and helping ensure the workshop is well-utilized both now and in the future. The importance of achieving a high Customer Service Index (CSI) scores has never been greater for automotive dealerships and manufacturers than it is right now. Consumers are becoming accustomed to dealerships competing for their business by offering top-notch service and customized experiences. Every dealership is looking for ways to boost their CSI ratings today, and the bar keeps getting raised higher and higher. So, equip more technical tools with high technology for helping repair service reduce waiting time for the customer. Dealers must have all facilities, equipment, and tools in the workshop and abundance in quantity, type, and quality. Ensure pedagogical requirements, industrial fine arts, industrial hygiene and safety, and environmental sanitation. System storage and preservation warehouses are designed and built-in safe and convenient positions cover standards such as roofing, lighting, ventilation, mold and moisture resistance, fire prevention.

Install advanced software helps in providing job cards for every job. Pictures of the vehicle can be attached to the job card. It helps in planning and controlling the consumables and create the checklist for every job.

**REFERENCES**


