

## **Chapter: 7**

# **AFTER SALES SERVICE STRATEGY**

### **7.1 Introduction to Chapter**

The concept of ‘After sales service strategy’ is related with issues like post purchase of the product and its delivery. This chapter discusses the effect of after sales service in manufacturing industry which provides the detailing about technical assistance, spare parts distribution and customer care. This strategy is associated with marketing issues like service quality, service loyalty, customer satisfaction and customer relationship management.

Additionally, after sales service strategy is identified as business network process through which overall business performance can be understood. Complementary services and competing services are two types of after sales service strategy.

This chapter also discusses after sales service strategy in electronics sector. Despite this, ECIL’s after sales service strategy is described in two sections. The qualitative section answers after sales service strategy in terms of customer satisfaction survey, complaint handling process and grievance redress mechanism. Furthermore, quantitative part analyses issues of grievance handling cell, customer complaint process and customer satisfaction.

## **7.2 Introduction to After Sales Service**

After-Sales Service is defined as set of activities which occurs after the purchase of the product which is devoted towards prospective customers for the maintenance or usage of the product(Saccani, Johansson, & Perona, 2007). It is also regarded as a vital source of profit, revenue generation and competitive advantage in manufacturing industries. In manufacturing industry, after sales service is focused towards technical assistance, spare parts distribution and customer care which is aimed for successful and comprehensive after-sales-offer. This strategy is also linked with customer relationship marketing. It means that relationship marketing targets for profitable customers through whom relevant strategies can be evolved in terms of customer relationship, trust building. In this relation, after-sales service facilitates interactions with customers and provides assistance to develop the relationship(Egonsson, Bayarsaikhan, & Ly, 2013).

After-sales service strategy has been identified as a business network process which is emphasized on the overall business performance and the competitive advantage. After sales service is of two types; complementary services like customer care service and competing sources(Earl & Kahn, 1994).

There are two perspectives of after sales service strategy; business-to-business (B2B) and business-to-consumer (B2C). B2B environment is emphasized on service provider which targets its business customers and it includes services like complex

service network and on-site service delivery. On the other hand, after sales service is focused towards B2C environment(Jalil, 2011).

After sales service is an emerging concept which is comprised with timely delivery, installation of the product, issue of warranty, service quality, feedback, customer satisfaction and customer relationship management. The delivery factor is important as the organization provides delivery services and this service creates influences in two dimensions like speed and reliability. The philosophy behind it is that if the products reach its destination at right time, in right quantity, from right resource to right person with right price, then it is considered that the organization maintains its strategic plan effectively. Secondly, installation is such an element through which competitive advantage and customer demand can be observed. Furthermore, warranty of the product is regarded an important factor through which the responsibility for the seller and a satisfaction for buyers are dependent for the longevity of the product. Additionally, it is observed that absence of service quality creates problems in terms of usage of products and the issue of customer feedback plays a significant role in this regard that customers can select two options to deal with feedback perspective; they can opt out the purchased product and choose the other option and they can get the assistance after the complaints are registered to the concerned department. Despite these issues, customer satisfaction remains a vital concern for the organization that it depends on customer retention and accordingly, sales turnover and productivity of the organization(Choudhary et al., 2011).

Activities of after-sales service occur at the post-purchase period which include preventive maintenance, reactive maintenance and value added services of the product. Preventive maintenance is meant through the availability of products for trouble-free and long term usage. Reactive maintenance is focused on the replacement of failed products which is added with time management and cost-effective approach. Furthermore, value added services enable competitive advantage for the customers. Raddats (2011) cited that customers don't demand for product, but a comprehensive solution package ranging from specific product to certain service package(O, S.A, & P.O, 2013).

After-Sale service strategy is related to several theories like Service Loyalty, Service Quality, Customer Satisfaction, and Customer Relationship Management. Description of each theory is elaborated below.

- a. **Service Loyalty:** Service loyalty is considered as the most important element which indulges consumers in terms of repurchasing the product. Loyal customers opt for repeat purchases(Pamsari, Chal, & Pamsari, 2013).
- b. **Service Quality:** It is an end result of customer satisfaction which has an impact on service marketing. It is also termed as technical service which is

meant that what type of services is offered to the customers. Additionally, the role of functional service is understood through the procedure of service delivery. SERVQUAL Model is adopted to measure the service delivery (Pamsari et al., 2013).

- c. **Customer satisfaction:** Customer satisfaction plays crucial role to deal with customers' satisfaction and their needs. In after sales service, delivery or warranty is regarded as important element in this regard. So level of customer satisfaction can be improved through lowering down expectations of customers or improving customers' perceptions. The two most important issues are perceived in after sales service delivery; one is operating time and the other is range of service (HUSSAIN, BHATTI, & JILANI, 2011).
- d. **Customer Relationship Management:** Customer Relationship Management (CRM) is referred to as customer focused business strategy where relational marketing is emphasized. It is defined as a set of business processes that are designed to capture, retain and provide services to the customers (Chalmers, 2006). The objectives of CRM include increasing revenue to identify new opportunities and reducing customer defection, building customer loyalty to enhance good image of the organization and reducing costs. CRM implementation process consists of three phases like attraction, promotion and maintenance. Every phase is knowledge-oriented

as it enables to effect on communication with customers. Attraction phase explains about promotion of goods and service leadership which evolves the strategy of innovation. On the other hand, promotion phase describes improvement regarding the profitability of existing customers as this phase is focused on reducing costs. The maintenance phase is more concerned about customer retention and through implying this phase the organization is emphasized on adaptation(Tavana, Fili, Tohidy, Vaghari, & Kakouie, 2013).

These approaches of After Sales Service Strategy are presented in structured format.

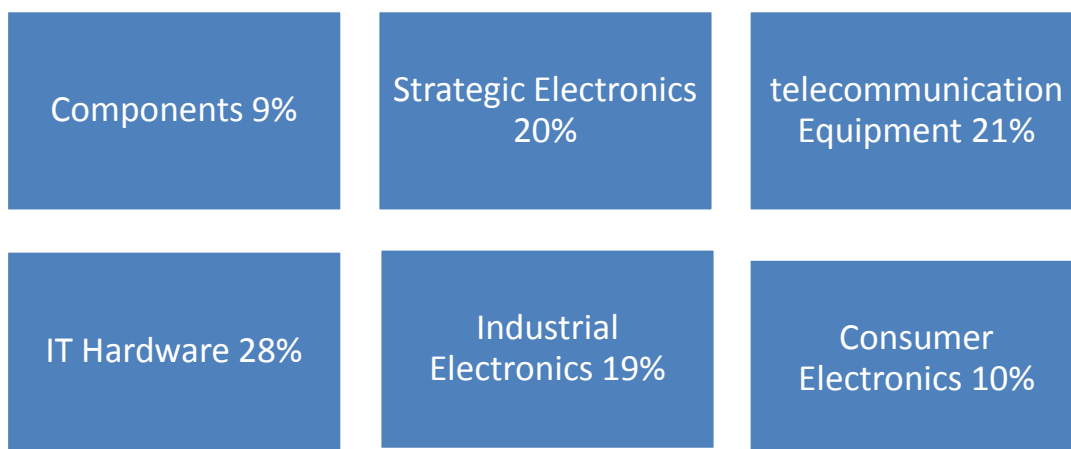


***Figure7.1: Theories Related to After Sales Service Strategy***

### **7.3 After Sales Service strategies used within Electronics Industry**

After-sales service strategy is considered as important strategy which explores service for better connection to their customers and generates new revenue streams. In this strategy, customer experience is taken as brand differentiator where service reduction is implied through process efficiency and asset optimization(Accenture, 2014).

The evolution of India's Electronics Industry was catered in various sectors ranging from production of valves and space technologies. It is assessed the demand of this industry in India in 2010 was US \$126 billion and in 2015, it will be US \$ 363 billion. According to IMaCS analysis of evolution of Indian Electronics and IT hardware industry starts from 1920 and its growth is going on which cross milestones like 1980's Consumer Electronics, 1985's Computerization and telecom exchanges and 1988's Digital Exchanges. The recent growth of this industry is comprised with growth of cell phones, increased consumer spending, Electronics Manufacturing. The key segments of Indian Electronics hardware sector are Consumer Electronics, Industrial Electronics, IT hardware, Telecommunication Equipment, Electronic Components and Strategic Electronics. Growth rates of the six segments are (Financial Year 2002 to Financial Year 2008) Components of 9%, Strategic Electronics of 20%, Telecommunication Equipment of 21%, IT hardware of 28%, Industrial Electronics of 19% and Consumer Electronics of 10%. It is presented in the below table(NationalSkill DevelopmentCorporaion, n.d.).



***Figure 7.2: Segment Contribution of Indian Electronics Industry***

In this present study, Industrial Electronics is studied. According to financial year, 2008, the Industrial Electronics is an important export segment with a share of 25% in total Electronic Hardware exports. The segment consists of other industries like process control instrumentation, electro-mechanical systems, test and measuring (T&M) instruments. Furthermore, Electro-mechanical system is considered as an important major group which has a share of 30% of total industrial electronic sales. There are various products of this segment which ranges from industrial electronics equipment and systems, automation technologies, networking systems and these products are implied to sectors like steel, textiles, cement, power, chemicals and refineries. This segment is comprised with various areas like PLC, UPS, power



electronic equipment, distributed systems. This industry is facilitated through various factors like rapid urbanization in new markets for consumer goods; higher disposable income and changed lifestyle and easy financing opportunity for consumer goods(NationalSkill DevelopmentCorporaion, n.d.).

#### **7.4 After Sales Service strategies used within ECIL**

The organization's data analysis is described below. The variables have taken to determine after sales service strategies of ECIL are systematic processing of customers' complaints, Competitiveness of ECIL to improve customer service, handling of customers' complaints through Information and Facilitation Centers (IFCs), initiation of improved after sales service to identify customers' needs, impact of service quality on customer satisfaction and customer retention.

The questionnaire has been distributed to the respondents of ECIL and only 100 responses have been gathered in this study. The data analysis of quantitative data is done by the application of statistical analysis. After the collection of data, data compilation is done in worksheet and SPSS is used for data evaluation. In this chapter, frequency and percentage analysis is done.

## **7.5 Qualitative Analysis**

### **7.5.1 Process of customer satisfaction survey**

ECIL is profound for its communication technology and it offers various services like designing, developing, system engineering manufacture, warranty and post-warranty assistance for customers. Turnkey Basis or Annual Maintenance Contract basis have been used to get these services. Additionally, third party maintenance is also offered in this regard.

Most of the respondents have said that customer satisfaction is ensured through customer satisfaction survey. They told that customer satisfaction survey has been conducted within the major customers. The questionnaires which are sent and distributed are structured. Moreover, these respondents have shared also that after the questionnaire administration, the customers provides their views regarding offered products and services. Apart from this, the information about various strategic business units has been given by corporate standards and quality assurance group. Finally, the respondents have delivered information about MOU agreement between the company and the government which is regarded as continuous improvement and measurement for internal appraisal and government's appraisal. These reviews enable to upgrade systems and procedures for continuous development.

### **7.5.2 Process of complaint handling process**

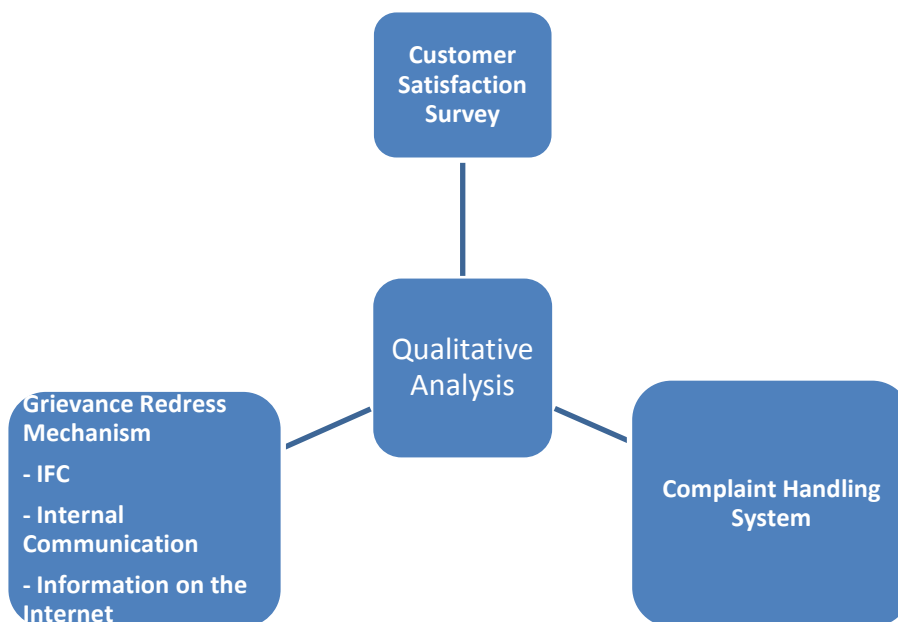
The respondents replied that customer complaint handling mechanism has been regulated from the inception period as most of the customers require fast response regarding any products' corrective or preventive actions. Most of the respondents agreed in this perspective that ECIL practices an organized system to deal with customers' complaints and the success of this system is dependent on continuous monitoring and reviewing, so the pending complaints can be attended with effective initiative. Further to say, there are factors like time management, right solution, proper maintenance of the site through which handling of customers' satisfaction is smoother. The compliant status is reported at regular intervals to the concerned personnel, so the necessary action can be taken easily. Lastly, it is found from the respondents' opinion that ECIL follows a decentralized approach to handle customer complaints and the complaint information is retrieved from Information and Facilitation Centers (IFCs).

### **7.5.3 Grievance Redress Mechanism**

The respondents answered this question in this way that their products are made for institutional customers and customer complaint is understood through the grievance of institutional customers as well as end users. So having this type of customer base, institutional mechanism is applied and effective communication is exercised with

customers as well as end users. Most of the respondents said that ECIL imply various systems to handle grievance redress mechanism. Firstly, the organization set up a wide network of marketing and service centers which is called Information and Facilitation Centers (IFCs), so the customers' interaction will be smoother. Additionally, it is said that the Corporate Business Development Group acts as the Nodal Agency which coordinates with the IFC centers. Furthermore, the 'Information on the Internet' system is dedicated towards providing relevant information and through which detailed information and networking can be gathered. The third system is focused on 'Internal Communication' and this system enables to provide information about customer requirements through prior order, proper detailing for corrective and preventive actions, results of customer complaint handling, user meet and vendor meet. These information have been communicated to concerned employees, so that the customer satisfaction can be enhanced as well as the initiatives of 'after sales service strategy' will be successful.

The evaluation of this analysis is structured below.



*Figure 7.3: Qualitative Analysis of After Sales Service Strategy of ECIL*

## 7.6 Quantitative Analysis:

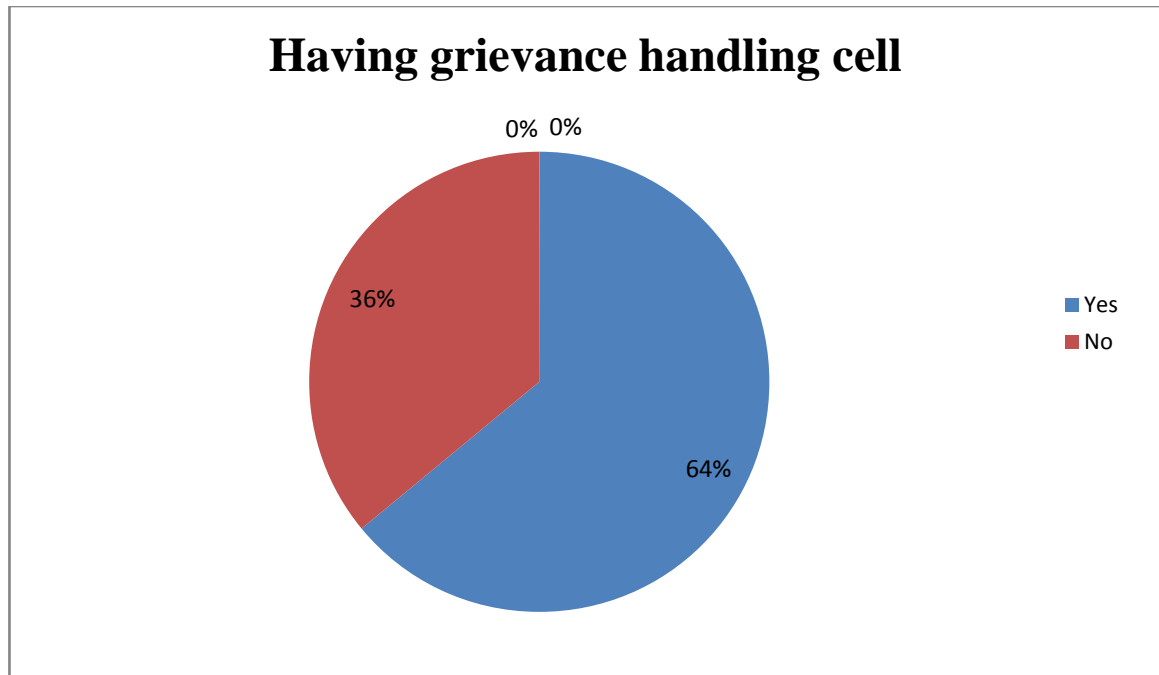
### 7.6.1 Grievance handling cell

#### Findings

	Do you have any grievance handling cell?
<b>Yes</b>	<b>64</b>
<b>No</b>	<b>36</b>

*Table 7.1: Existence of grievance handling cell*

### Data Presentation:



*Figure 7.4: Existence of grievance handling cell*

### Data Analysis:

In the above table, out of 100 employees, 64% employees have expressed of having grievance handling cell. On the other hand, 36% people have said that the organization does not have this type of cell. So it is studied that most of the population is agreed for its existence.

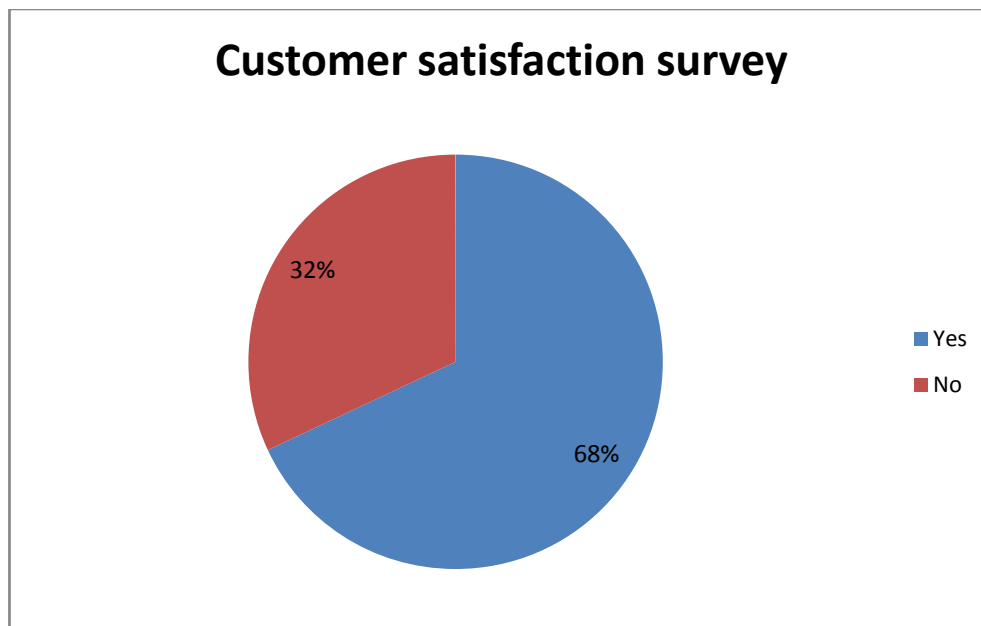
## 7.6.2 Customer satisfaction survey

### Findings

	Do you follow any customer satisfaction survey?
<b>Yes</b>	<b>68</b>
<b>No</b>	<b>32</b>

*Table 7.2: Practicing of Customer Satisfaction Survey*

### Data Presentation



*Figure7.5: Practicing of Customer Satisfaction Survey*

## Data Analysis:

In the above table, it is found that 68% employees have said that the practice of customer satisfaction survey at ECIL. On the other hand, 32% people have said that the organization does not follow customer satisfaction survey. So according to most of the respondents this survey is exercised in the organization.

### 7.6.3 Customers' complaints are systematically processed and solution is provided in time

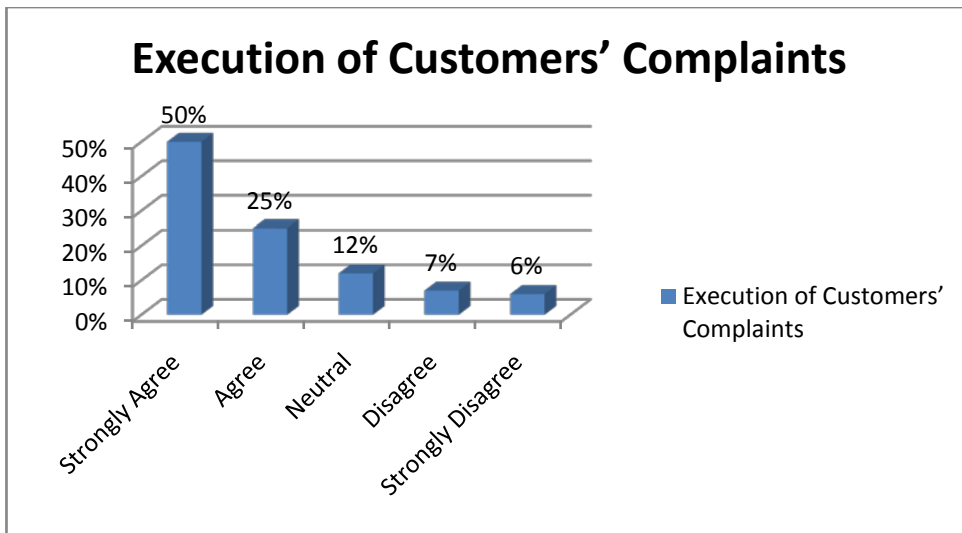
#### Findings:

	Execution of Customers' Complaints
Strongly Agree	50
Agree	25
Neutral	12
Disagree	7
Strongly Disagree	6

*Table 7.3: Execution of Customers' Complaints*



### Data Presentation:



*Figure 7.6: Execution of Customers' Complaints*

### Data Analysis:

Table 7.3 says about systematic processing of customers' complaints. In this context, 50% employees are strongly agreed whereas 25% respondents are agreed only. On the other hand, 7% people are disagreed and 6% people are strongly disagreed. Moreover, only 12% respondents shares neutral opinion.

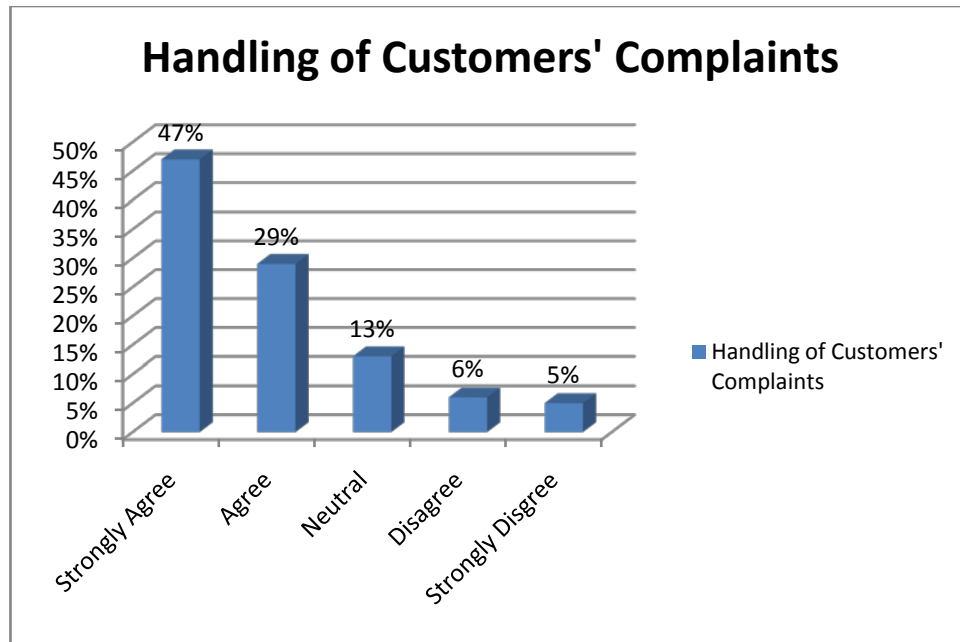
**7.6.4 As complaints are handled to the satisfaction of the customers, so acknowledgements is encouraged for further improvement of the product or service.**

**Findings:**

	Handling of Customers' Complaints
Strongly Agree	47
Agree	29
Neutral	13
Disagree	6
Strongly Disagree	5

*Table 7.4: Handling of Customers' Complaints*

**Data Presentation:**



**Figure 7.7: Handling of Customers' Complaints**

### **Data Analysis:**

The above table shows handling of customers' complaints which provides to the satisfaction of the customers and through which acknowledgements are encouraged for further improvement of the product or service. 47% respondents say they are strongly agreed in this aspect and 29% people have been responded only in 'Agree' option. Further, 6% employees have provided their opinions in 'disagreed' option and 5% people have said that they are strongly disagreed towards the handling of customers' complaints. Only 13% responses are left with neutral opinion.

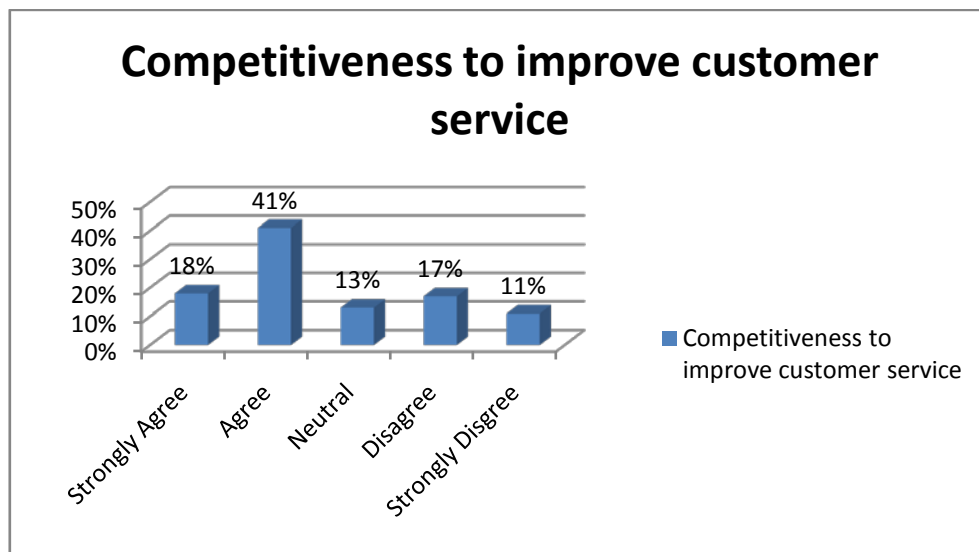
### 7.6.5 Company today faces increasing competition prompting them to focus on improved customer service

#### Findings:

	Competitiveness to improve customer service
Strongly Agree	18
Agree	41
Neutral	13
Disagree	17
Strongly Disagree	11

*Table 7.5: Competitiveness to improve customer service*

#### Data Presentation:



*Figure 7.8: Competitiveness to improve customer service*

## Data Analysis:

Table 7.5 projects about competitiveness of the organization to improve customer service. In this context, 41% employees are agreed whereas 41% respondents are strongly agreed only. On the other hand, 17% people are disagreed and 11% people are strongly disagreed. Moreover, only 13% respondents shares neutral opinion.

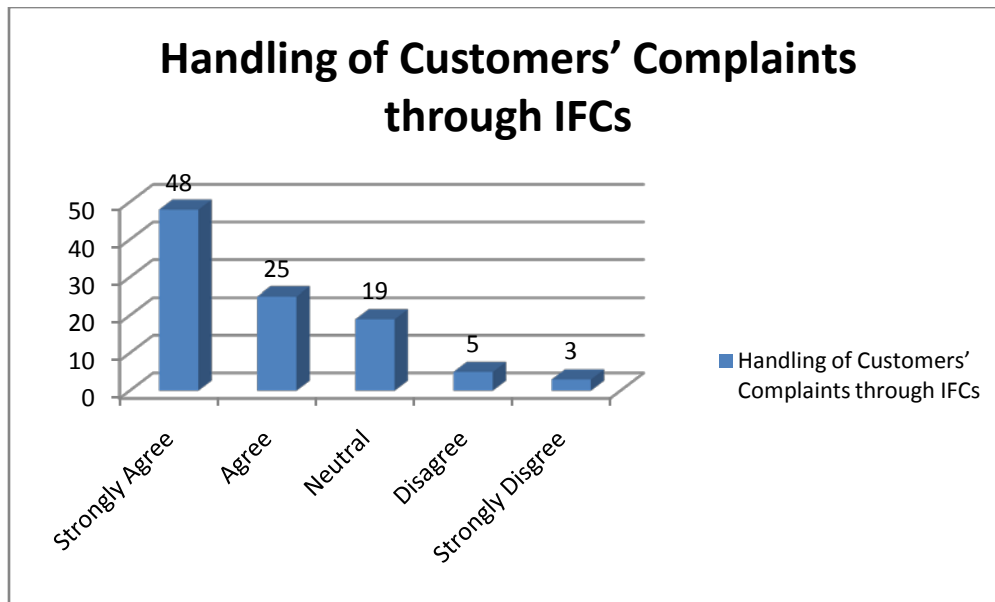
### **7.6.6 Customers' complaints are handled through institutional mechanism in the form of Information and Facilitation Centers (IFCs), information on internet and so on.**

## Findings:

	Handling of Customers' Complaints through IFCs
Strongly Agree	48
Agree	25
Neutral	19
Disagree	5
Strongly Disagree	3

*Table 7.6: Handling of Customers' Complaints through IFCs*

## Data Presentation



*Figure 7.9: Handling of Customers' Complaints through IFCs*

## Data Analysis:

Table 7.6 depicts handling of customers' complaints through institutional mechanism which represents as Information and Facilitation Centers (IFCs) and based on this factor, 48% respondents have provided their 'strongly agreed' opinion and 25% people have shared their 'agreed' opinion in this regard. Only 3% employees are strongly disagreed and 5% people agreed only. Moreover, it is observed that 19% respondents have been shared neutral opinion.

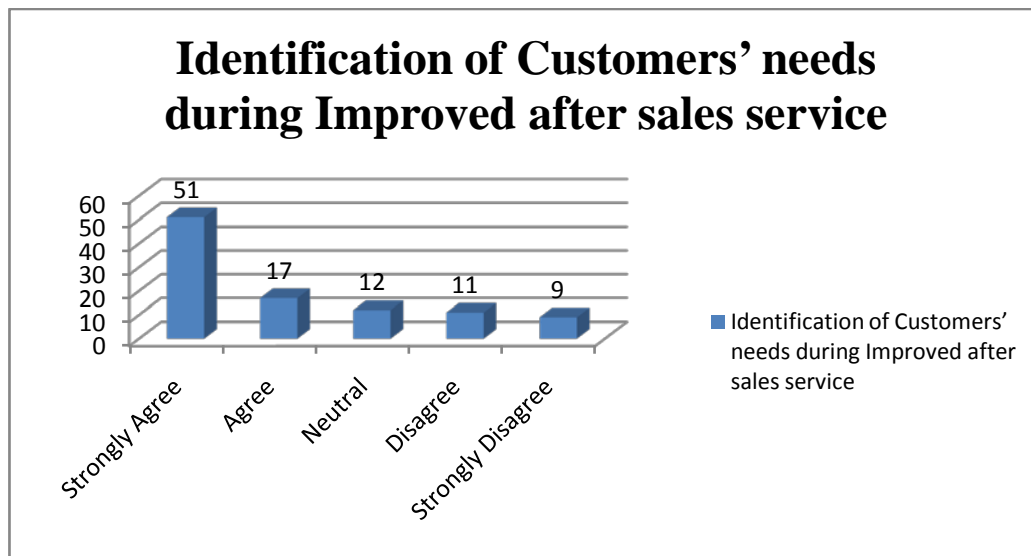
### 7.6.7 Improved after sales service allows the identification of customers' needs and put more emphasis on superior customer value.

#### Findings

	Identification of Customers' needs during Improved after sales service
Strongly Agree	51
Agree	17
Neutral	12
Disagree	11
Strongly Disagree	9

*Table 7.7: Identification of Customers' needs during Improved after sales service*

#### Data Presentation



*Figure 7.10: Identification of Customers' needs during Improved after sales service*

## Data Analysis:

Table 7.7 depicts 'Identification of Customers' needs during Improved after sales service' through which it is understood that 51% respondents are strongly agreed in this aspect and 17% people have been responded only in 'Agree' option. Further, 11% employees have provided their opinions in 'disagreed' option and 9% people have said that they are strongly disagreed towards the handling of customers' complaints. Only 12% responses are left with neutral opinion.

### 7.6.8 After sales service gives opportune answers to their needs or requirements and consequently obtaining satisfaction and loyalty

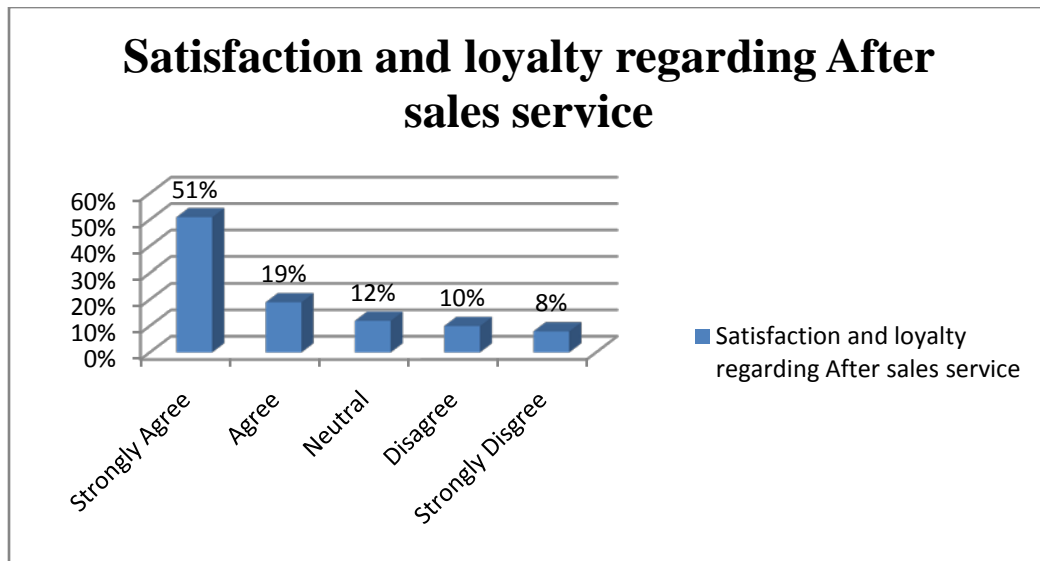
#### Findings:

	Satisfaction and loyalty regarding After sales service
Strongly Agree	51
Agree	19
Neutral	12
Disagree	10
Strongly Disagree	8

*Table 7.8: Satisfaction and loyalty regarding After Sales Service*



## Data Presentation



*Figure 7.81: Satisfaction and loyalty regarding After Sales Service*

## Data Analysis:

Table 7.8 shows satisfaction and loyalty issues at the time of after sales service, therefore out of 100 respondents, most of the respondents (51%) are strongly agreed in this aspect whereas 8% people are strongly disagreed. On the other hand, 19% employees are agreed to obtain satisfaction and loyalty but 10% employees are disagreed here. Additionally, it is said that 12% respondents are neutral.

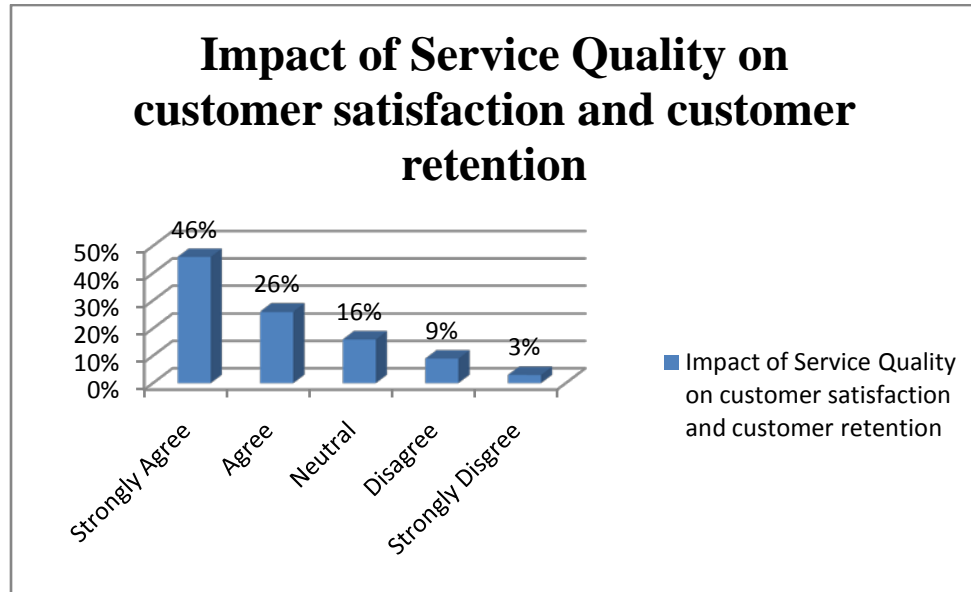
**7.6.9 Service quality impacts on satisfaction, satisfaction on customer retention and customer retention has impact on profitability to save cost from imports.**

**Findings:**

	<b>Impact of Service Quality on customer satisfaction and customer retention</b>
Strongly Agree	46
Agree	26
Neutral	16
Disagree	9
Strongly Disagree	3

***Table 7.9: Impact of Service Quality on customer satisfaction and customer retention***

## Data Presentation



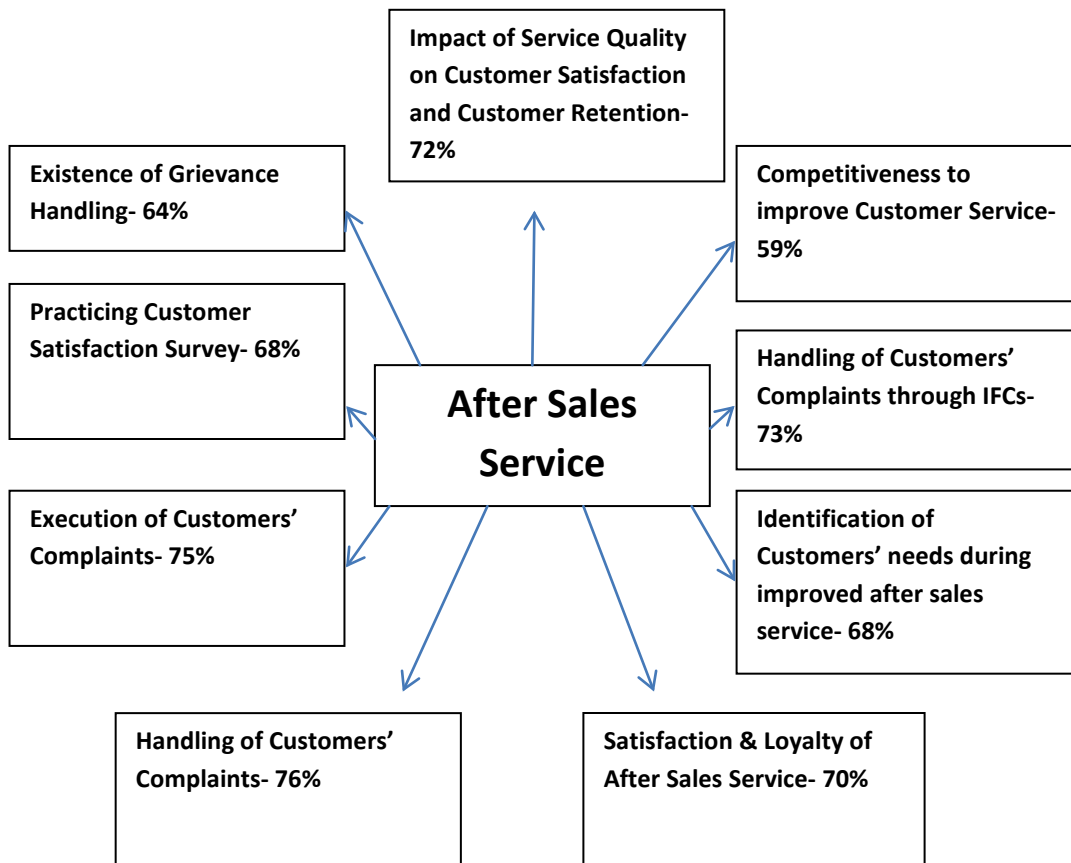
*Figure 7.12: Impact of Service Quality on customer satisfaction and customer retention*

## Data Analysis:

The above table projects the results of service quality in terms of customer satisfaction and customer retention which also influences towards profitability to save cost from imports. The result says that 46% employees are strongly agreed and 3% employees are strongly disagreed in this perspective. Further to say, 26% respondents have provided their opinion as agreed and it is found that 9%

employees are disagreed. However, 16% employees have shared their views as neutral.

The result of quantitative analysis is formulated below:



*Figure 7.93: Summary of Quantitative Analysis*

## 7.7 Summary of the chapter

This chapter discusses about the concept of 'After Sales Service Strategy', its importance, effectiveness in the Electronics industry. It also includes the practice of

this strategy in the case organization. This present chapter also describes various marketing approaches and these are service quality, service loyalty, customer satisfaction and customer relationship management or CRM.

The concept of After Sales Service Strategy includes various activities like post-purchase or repurchase of the product. This strategy is also focused on revenue generation, competitive advantage in manufacturing industries. Customers are provided various technical assistance and customer care through which successful offer is initiated. There are two types of customer care services; complementary services and competing services. Apart from this concept of after sales service strategy, two perspectives of after sales service strategy have been approached and they are namely; business-to-business (B2B) and business-to-consumer (B2C). This strategy is related to four marketing concepts. Service loyalty is implied at the time of repurchasing of the product; Service Quality has an impact on service marketing where the function of service delivery is added; the crucial role of customer satisfaction determines customer needs and CRM has an impact on relational marketing.

The adoption of After Sales Service Strategy in Electronics Industry is found in National Skill Development Corporation (N.S.D.C.) report which tells about growth of India's Electronics industry which starts from 1920s to till now. Key segments of

this industry are comprised with consumer electronics, industrial electronics, IT hardware, Telecommunication equipment, electronic components and strategic electronics. The growth rate of each segment differs as strategic electronics has 20% growth, telecommunication equipment has 21% growth, IT & Hardware has 28% growth and industrial electronics has 19% growth. ECIL falls under industrial electronics segment and this segment is comprised with other industries' products like process control instrumentation, electro-mechanical systems.

The quantitative analysis of 'After Sales Service Strategy' answered various questions like existence of grievance handling cell, practice of customer satisfaction survey, execution of customers' complaints, handling of customers' complaints, Competitiveness to improve customer service, Handling of Customers' Complaints through IFCs, Identification of Customers' needs during Improved after sales service, Satisfaction and loyalty regarding After Sales Service, Impact of Service Quality on customer satisfaction and customer retention. The result of this analysis were that out of 100 respondents, 64% employees has said about existence of grievance handling cell and 68% employees had provided their opinions regarding the practice of customer satisfaction survey. 75% of the respondents were agreed for the execution of customers' complaints, 76% of the respondents were agreed to handle customers' complaints, 59% of the respondents were agreed to the organization's competitiveness to improve customer service, 73% of the

respondents were agreed to handle customers' complaints through IFCs, 68% of the respondents were agreed to identify customers' needs during improved after sales service, 70% of the respondents were agreed satisfaction and loyalty in the context of after sales service, 72% of the respondents were agreed in the context of service quality's impact on customer satisfaction and customer retention.