
After Sales Service in Consumer Durable Goods : How Truly Satisfying ?

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Abstract

This paper discusses the debate on customer satisfaction in the consumer durable goods markets. The argument for or against revolves around product features and prevalent after sales service to gauge the customer satisfaction. The study described herein focuses on sales vis-à-vis after sales aspects. On different litmus tests the findings reveal that after sales' aspect of business activity leaves much to do.

After sales business activities in the country has received little systematic research attention. After-sales service as a part of customer relationship management helps to enhance a customer's loyalty. The analysis focused on Air conditioners to illustrate the lacuna in the system. It calls for needs to realign the practice if long lasting relationship between the customer and the supplier needs to be developed for brand promotion.

Results of this study confirm earlier findings in the reverent literature that there was strong relationship between the dependent variable of customer satisfaction and four independent variables- product sold, its delivery and installation, performance and lastly but more important repairs and maintenance of durable goods to keep customer smiling.

The delighted customers in turn will remain loyal and always have a positive impression towards the company and its products.

Key Words: After sales services, customer satisfaction, consumer durable goods.

INTRODUCTION:

"The customer value concept holds that customers buy what creates the most value for them. It has also been defined as an emotional bond created between the customer and the supplier. The precondition for establishing this bond is that the product meets or exceeds customer's expectations. The customers can be delighted if the supplier is able to improve its performance continuously." (Butz and Goodstein, 1996).

Though there are attractive advertisements and lucrative offers on consumer durable products round the clocks in TV and other media, question arises how many of them speak about after sales service. Even the reputed companies, domestic or multi

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national (like Bajaj, Godrej, Videocon Whirlpool, LG, Samsung, and so on) do not provide after sales service seriously. It reminds me of recent Hindi movie "Rocket Singh sales man of the year" (2009) in which an employee of the company is successful in establishing his own brand organization by assuring and creating confidence in customers round the clock service. So much so, on the strength of reasonable pricing and twenty four hour after sales service, he was able to acquire the company where he had been just a meek employee.

There is no dearth of customers with their plight of unheard grievances against the product/s with brand name or festival offer through advertisement. They soon find that their expectation about the product is far from real. In certain cases the machine starts giving problem even before the expiry of warranty period. The shop keeper does not care after the product is delivered at designated place. His indifference towards the customer's woes turns into blaming them for inept handling and not adhering to the instructions written in fine prints by the company for not taking responsibility of misuse. If they are able to successfully register the complaint, dilatory tactics are adopted just to test the patience of the customer. Evidences of unattended complaints registered at various consumer forums, internet (mouthshut.com etc.) are in abundance. Also there is no paucity of persons who have finally kept silence after banging their heads with the shop keeper, customer care or service centre.

After sales service is significant for the customer satisfaction, particularly, if the customer spends a large amount on durable consumer products as long term acquisition. Limitations of after-sales infrastructure could be a major stumbling block for penetration into consumer durable products for markets of the countryside and down the value chain.

None the less, till today, poor after sales service in our country remains a *fait accompli* despite multi fold growth in industrial production and consumer awareness in recent years. This study attempts to put up microscopic lens to various facets of this wide spread unresolved problem.

REVIEW OF LITERATURE

More than half a century ago in 1954, Peter Drucker wrote in *The Practice of Management* 'There is only one valid definition of business purpose: to create a customer'. He said that an organization's ability to remain in business is a function of its competitiveness and its ability to win customers from the competition. The customer is the foundation of the business and keeps it in existence.

Zeithaml *et al* (1996), in redefining the customer satisfaction emphatically mentioned that companies should first examine the impact of service quality on customers' responses by asking them the following questions: what quality of service is expected of a supplier in order to keep the customer; what would encourage the customer to recommend the supplier to other customers; what would discourage a customer spreading negative word-of-mouth; and should the supplier focus on proactive service improvements or on complaint handling in order to keep the customer.

Similar view was put forth by Sarah Cook (2008) "As customers begin to experience a better service, their expectations rise". Furthermore, the service experienced is transferable in the mind of the customer. The customer makes conscious and unconscious comparisons between different service experiences irrespective of industry.

Kotler (1997) has also underlined the view that product support services are increasingly becoming an area for building competitive advantage. Some companies already make more than half of their profits in product support services. The customer is most concerned about an interruption in the service that they expect from the product and their worries can be specified into three areas: reliability, service dependability and maintenance.

Service quality can be assessed in terms of interaction with service personnel, technology interface and physical evidence. Customers are the major decision makers in any marketing effort. They select a service offering that adds value to them and optimizes their satisfaction.

SCOPE OF THE STUDY:

After sale services have common characteristics with repairs and maintenance activities as it is delivered to the customer after the final product has already been delivered. The objective of after sales services is to maximize the availability of all facilities and equipments. The maintenance means performing duties to restore and to keep equipments in operating condition. After sale management not only includes maintenance, but additionally attempts to improve the operating capability to improve the satisfaction of the user.

The objective of this research is to increase the understanding of how a supplier can successfully manage its after sales business in the durable goods market. The broad based principal objective is divided into three parts as follows:

1. What are the customer's perceptions on pre-sale and post-sale services that can ensure customer satisfaction?
2. What is the customer's observe on after sale services?
3. What kind of relationships and communication networks exist between the supplier and the customer?

RESEARCH METHODOLOGY:

Research Design: Through direct inaction with the sample customers, information on important factors relating to customers' perceptions and expectations were explored and then statistical tools were used to find the association between customer satisfaction and the performance of various after sales services.

Sample characteristics: Respondents were chosen from middle income to higher- middle income group on random sampling method. The sample was drawn from age group of 25 to 65 years on the assumption that they have the most spending power on durable goods from Computer to TV and Air conditioners to refrigerators etc. This group is very knowledgeable and have access to information about comparative features, brands and price as well as the dealer, the company and its reputation. They are receptive to

new technology and know their requirements. They being the part of customer oriented society, are aware of their rights and market conditions. The sample customers are direct and / or indirect users of the product and services e.g. they may have their parents, children, spouses, colleagues and friends using these goods. This makes them a huge potential customer group.

Data Analysis: Data were collected from 100 respondents from residential colonies, shops, dealers etc. of Jaipur city, Rajasthan. The response rate was high which can be attributed to the fact that the distribution was personalized. They exhibited the willingness to cooperate. Secondly, the questionnaire was directed to the middle and upper middle class people of the society who are generally motivated and take interest in academic studies and the good response can also be attributed to the fact that the subject was very interesting. Pre testing of the questionnaire was done on 10 people. For the study, a questionnaire containing 29 statements were specifically constructed. The questionnaire consisted of a five point Likert scale ranging from "strongly agree" to "strongly disagree" with the middle of the scale identified by the response alternative "neither agree nor disagree".

Attribute selection: The important factors which affected consumers were explored in this study. For this, 23 attributes were selected and categorized into four groups. The subsequent list of attributes was given to these respondents used in the preliminary exploration and they were asked to suggest any changes to the list. On the basis of those responses, the language of some of the parameters was slightly modified and used in the final survey.

Statistical Technique Used : Data are tabulated and analyzed keeping in view the objectives spelt out and hypotheses formulated.

- a) Simple percentage technique has been used to analyze the responses.
- b) Mean
- c) Standard Deviation
- d) Correlation

Limitation of the study : The study has been conducted for only a limited area. Since the study is

based on sample opinion, the result may vary due to the change of sample size and also composition. Therefore, the inference from the study may not be generalized. Only simple statistical tools are used for processing information.

Exhibit 1 presents the characteristics of sample. Respondents are educated belonging to the age group between 25 and 65 years, they are from middle to higher income groups. They have capacity to use AC for personal or official purpose or both and have knowledge as well as information about the market.

RESULTS AND DISCUSSION:

Exhibit 1

Age:	25-35 years-17%, 36-45 years-42%, 46-55 years-24%, 56-65 years- 17%
Gender:	Male-68%, Female- 32%
Education:	Pre University-03%, Graduate - 29%, Post Graduate- 42%, Professional-26%
Income Group:	Higher-14 %, Higher- Middle - 32 %, Middle- 54%
Occupation:	Student or Housewife-17 %, Salaried-42 %, Business- 27%, Professional- 14%
Air Conditioner:	High End-16%, Medium End- 64%, Lower End-20 %
Usage Rate:	Very High Usage-12%, High usage-32%, Medium Usage-48%, Low usage-08%
Purpose:	Personal- 68 %, Office-32 %

Inference: This group is normally assumed to be aware of their rights and after sales services expected in competitive market of durable consumer goods.

Exhibit 2

Descriptive Statistics Results of the Variables:.

S. No.	Variable Mean and Std. deviation	Mean Scores	Std. Deviation
1.	PRODUCT	4.1	0.703
2.	Promotional Activity	4.03	0.797
3.	Product Features	3.47	0.501
4.	Pricing	3.7	0.559
5.	Brand	3.67	0.472
6.	Dealer Network	3.7	0.460
7.	DELIVERY AND INSTALLATION	3.68	1.109
8.	Prompt Delivery	3.8	0.402

9.	Packaging And Safety Standards	4.1	0.703
10.	Installation And Start Up	3.53	0.593
11.	Advice And Training For Equipment	2.96	0.839
12.	Technical Literature	3.26	0.970
13.	Complementary Accessories	2.88	0.844
14.	PERFORMANCE	3.5	1.167
15.	Cooling	3.7	1.058
16.	Electricity Saving	3.8	0.876
17.	Low Maintenance (Cost)	3.97	0.797
18.	Convenience Of Use Of The Product	3.55	0.978
19.	Value For Money	3.97	0.797
20.	REPAIRS AND MAINTENANCE	3.1	0.881
21.	Honored the Promised Services	3.21	0.782
22.	Prompt Response To The Complaint	2.83	0.377
23.	Understanding Of Problem	2.52	0.503
24.	Less Visits Made For The Same Fault	2.5	0.502
25.	Standard Of Work Carried Out	2.5	0.502
26.	Empathetic Attitude Of Staff	2.8	0.876
27.	Correct Invoices	4.13	0.676
28.	OVERALL SATISFACTION	3.51	0.658

Inference: Mean scores from first three categories are on the satisfactory side but for the category of repairs and maintenance it is on border line indicating lacuna requiring improvement.

Exhibit 3: Distribution of Sample of customers on the basis of their satisfaction level

Basis	Level of satisfaction (Percentage)		
	Low (1-2)	Medium (3)	High (4-5)
Product	0	20	80
Delivery And Installation	20	22	58
Performance	20	45	35
Repairs and Maintenance	28	40	32

Inference: Customers are overall satisfied with the product but other three variables have lower customer Satisfaction. It can be notice that in Repair and Maintenance" as much as 68 per cent has reported low to medium level of satisfaction.

Exhibit 4: Correlation of Categories with Overall Satisfaction level

Tabulated value of t-test at (100-2) degree of freedom is 1.984

Ho: $p=0$ (Absence of correlation between variables in the population)

H₁: $p \neq 0$ (Presence of correlation)

S. No.	Variable	Correlation	t-test (at 5% significant level)	Significant/ insignificant
1	Product	0.586	7.160938	Significant
2	Delivery and Installation	0.488	5.537488	Significant
3	Performance	0.662	8.764672	Significant
4	Repairs and Maintenance	0.710	10.0059	Significant

Inference: Calculated value of t is greater than tabulated value at 5% significance level thus null hypothesis is rejected. All the four categories indicates overall satisfaction but people are more concerned about performance and repairs and maintenance variables

Exhibit 5: Correlation of Variables with Category Satisfaction level

Tabulated value of t-test at (100-2) degree of freedom is 1.984

Ho: $p=0$ (Absence of correlation between variables in the population)

H₁: $p \neq 0$ (Presence of correlation)

S. No.	Variable	Correlation	t-test (at 5% significant level)	Significant/ insignificant
A	PRODUCT			
1.	Promotional Activity	0.545	6.447285	Significant
2.	Product Features	0.724	10.39519	Significant
3.	Pricing	0.590	7.236412	Significant
4.	Brand	0.100	0.997535	Insignificant
5.	Dealer Network	0.416	4.5415	Significant
B	DELIVERY AND INSTALLATION			
6.	Prompt Delivery	0.761	11.62137	Significant

7.	Packaging And Safety Standards	0.947	29.38816	Significant
8.	Installation And Start Up	0.796	13.06184	Significant
9.	Advice And Training For Equipment	0.550	6.519601	Significant
10.	Technical Literature	0.847	15.81787	Significant
11.	Complementary Accessories	0.951	30.49226	Significant
C	PERFORMANCE			
12.	Cooling	0.567	6.825009	Significant
13.	Electricity Saving	0.592	7.278253	Significant
14.	Low Maintenance (Cost)	0.558	6.671009	Significant
15.	Convenience Of Use Of The Product	0.295	3.051062	Significant
16.	Value For Money	0.558	6.671009	Significant
D	REPAIRS AND MAINTENANCE			
17.	Honored the Promised Services	0.294	3.048119	Significant
18.	Prompt Response To The Complaint	0.051	0.511248	Insignificant
19.	Understanding Of Problem	0.748	11.16301	Significant
20.	Less Visits Made For The Same Fault	0.638	8.205938	Significant
21.	Standard Of Work Carried Out	0.638	8.205938	Significant
22.	Empathetic Attitude Of Staff	0.758	11.51107	Significant
23.	Correct Invoices	0.536	6.296486	Significant

Inference: Each category from product, sales and after sales services has been reviewed under different sets of questions. It is noted that product category is most affected by product features and pricing whereas delivery and installation are mostly affected by packaging and safety standards as well as complementary accessories. The performance is judged mainly in relation to electricity consumption, low maintenance cost and value for money. Variables of these category not only have co-relation co-efficient but they are significant at 5% level. As regards, variables on after sale services, all excepting two variables have high correlation coefficient as well as they significant at 5 per cent level. These results imply that understanding of the customer's problem, delivery of standard repair works as well as the staff 's empathy for the customer's problem are important from the point of view of the customer and it does not matter even if staff visit of the customer is less, the customer is not honored or response to customers complaint is not prompt.

CONCLUSION:

Despite vertical growth in supply and demand, till today manufacturers as well as dealers do not seem to have shown serious concern over the after sales service. Neither any of the government agency nor any NGO has issued strict guidelines to protect the interest of the customer effectively. Although some forums have been established in recent past and they have been looking into the plight of the aggrieved party but the fact is that not too many are willing to file their complaint in the Consumer court for obvious reasons. There is thus dire need for putting in place a hassle free structural and legally acceptable system for quick grievance redressal of the customer and setting maximum time limits for settling complaints in the light of increasing use of such products. The lack of after-sales infrastructure is a major stumbling block.

With the overall development in the country, demand for the white goods like Air conditioner has increased. Customers have been using these products in their houses regularly for more than 1 to 5 years. This study shows that strong and significant co-relation exist between services delivered and the satisfaction level. To detail a few, rosy picture is painted through the advertisement to show that customer would get maximum satisfaction at low cost for a specific brand in comparison to others available in the market which remains mostly only on paper. Besides, assurances and promises are made by the dealer for 24X7 service at one phone call but when it comes to actual, one has to pursue them vigorously. Instead of understanding the problem and solving in right earnest, different excuses are put forth like mishandling, not covered under warranty, shortage of spare part. In several cases, exorbitant charges are billed instead of free service promised. The customer thus feels aggrieved and frustrated if after sales services are not delivered efficiently. Needless to say that efficient after sales services will give further boost to the growth of the industry. It is expected that well-managed after sales services will increase demand for durable goods mainly because they are purchased for a longer periods \ of time.

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