
UNIT 18 PRODUCT SUPPORT SERVICES

Objectives

After going through this unit you should be able to:

- understand the concept of product support services;
- describe the different categories of product support services;
- explain the service quality issues related to product support services; and
- apply the key learning to the case study given at the end of the unit.

Structure

- 18.1 Introduction
- 18.2 Characteristics of Product Support Services
- 18.3 Classification of Product Support Services
- 18.4 Goal of Product Support Services: Customer Satisfaction
- 18.5 Summary
- 18.6 Self-Assessment Questions
- 18.7 Case Study

18.1 INTRODUCTION

In this unit, you will be able to understand the concept of product support services which is important for goods as well as services marketers. After sales Service is normally referred as customer service. Customer service is a philosophy in which all employees feel and act accountable for creating satisfied customer. Value added customer service is the responsibility of all the employees of the organization. Accountability is vital to customer service and in a successful service oriented organization every one is accountable for the customer satisfaction. It is the job of every marketer to create satisfied customer.

In many organizations product support service or customer service is a department or a section where customers with complains are guided for a reactionary solution to the problem that he experiences with the use of the product. Customer services or after sales service should be an attitude of the organization. It should become a part of the corporate culture .It should be the fundamental aspect of a business philosophy and should be a commitment to ensure that customers leave more excited than when they walked in the door. A popular saying is that advertising brings customers to the stores where as poor customer service takes them away from the store and the brand.

The product support service is a value-added service to match the customer expectations. It is also necessary to know what consumer's value in the product support services. They can be grouped as quality, availability, knowledge of the people with whom they work, ease of doing business, support services, performance of the product, follow through by the people with whom they deal and the price. All these elements are more important to the consumer than the element of price in a post purchase situation. So though the performance of the product support service staff one can also increase the profitability and profit potential of the organization.

There are various myths about product support services and their lesser relevance in the Indian context. They are because Indian marketers think that good customer service is time consuming. The research speaks otherwise. It

says that getting a new customer takes more time than getting more business out of an existing and satisfied customer. Some people are of the opinion that serving existing customers is expensive. Quality gurus are of the opinion that 35% of the customer complaints are about the poor quality of the service delivery than the customer complaints on product performance or the price of the product. There is a high sense of gratification among managers and they often tend to forget that the expectation of the customers increase over a period of time. It is always prudent to benchmark against evolving customer service expectations than benchmarking against competitors in the industry. In a surplus demand market, the marketer does not care for the concept of customer service as he realizes that the customers are going to come to them anyway. A strategic outlook to the business will always goad managers to look at customer service as a strategic tool than a complaint management system in the organization.

Many a times companies have a philosophy of properly serviced. It means:

- Identify customer service needs requirements.
- Develop appropriate products and services to meet those needs which are consistent with your business strategy and profit objectives.
- Match the product to the needs, with appropriate prices, channels of delivery, presentation and communication to the consumers.
- Develop and maintenance a continuous service process for the target customers.

Activity 1

Visit an after sales service station of any consumer durable, and conduct an in depth interview of the customers on what constitutes 'after sales service' and how are they satisfied with their products

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18.2 CHARACTERISTICS OF PRODUCT SUPPORT SERVICES

Most companies in manufacturing and service business offer their customers a package of a product called a solution, which is a combination of the core product and a variety of service related activities. These services provide the differentiation that separates successful firms from the also-rans. Performing well in service delivery requires modern marketers to understand.

- What action and reaction consumer expect from the organization.
- Grouping of these actions in to core and support service elements.
- Evaluate how well the organization is performing on each one.
- Redesign existing service packages in order to offer customers in each target market segment a product offering and delivery system that meets their expectations for performance and value within the constraints of a price that will allow the service provider to have an allowable profit.

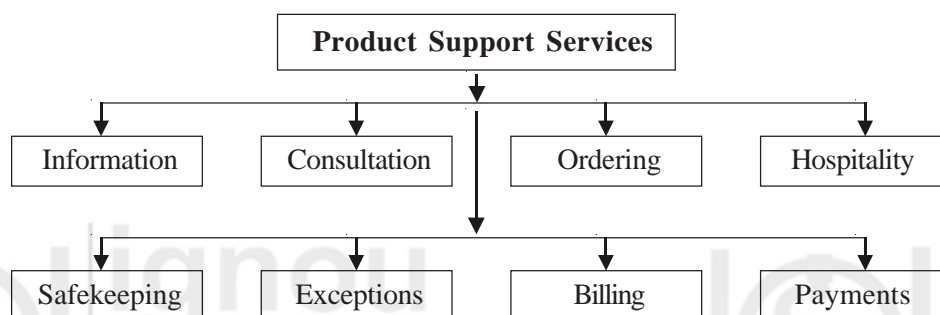
The concept of an augmented product is an explanation of the package of services that are bundled with the core and tangible product as a complete offer to the consumer. According to Theodore Levitt “ We live in an age in

which our thinking about what a product or a service is must be quite different from what it ever was before. It is not so much the basic, generic central thing we are selling that counts, but the whole cluster of satisfactions with which we surround it.” According to Levitt, the total product concept consists of core or generic product; the inner band surrounding this core is termed as expected product, representing customer’s minimal expectations, It includes pricing, delivery, appearance of facilities and personnel, personality of the service people and so forth. The next encircling band is called the augmented product which includes further benefits, added to enhance the appeal of the product; as the market becomes accustomed to specific augmentations, these may eventually turn to the expected product level. The area encircling the outermost concentric band is called the potential product. Which consists of everything potentially feasible to attract and hold customers in contrast to the augmented product that means everything that has already been done to the product.

Shostack distinguished between the tangible and intangible elements involved in service delivery. For example in an airline business, the intangible elements include transportation itself, service frequency and preflight, in-flight and post flight services. The aircraft, food and drinks that are served are tangible. By highlighting the tangible components marketers can determine whether the organization is tangible dominant or intangible dominant. The performance of each service influences the quality of the others, the product support services should contribute to the over all service perception. It is necessary to obtain information about consumers over all satisfaction on core as well as split services. Management must decide what is the right set of support services to be offered to the customers. Decisions can also be made to unbundle the prices by charging for each set of services after the period of warranty is over for an extended product support service.

18.3 CLASSIFICATION OF PRODUCT SUPPORT SERVICES

Product support services are broadly classified in to the following eight categories.



- 1. Information:** New customers and prospects need information to make decisions about a product. They want to know what product will best meet their needs. The existing customers also need information regarding the usage, maintenance of the product during the life of the product. The prospects in on line buying also need information that will guide them to move to the site that will provide information to them. Traditional ways to provide information is through the support literature, printed notices, flyers, brochures and instruction books. Current methods include videotapes, compact disks, software driven tutorials, touch screen video display, computer accessed bulletin boards and menu driven recorded telephone messages.

2. **Consultation:** Providing information suggests a simple response to customers' questions. Consultations involve dialogue to probe customer requirements and then develop a tailored solution. The services under consulting covers advice, auditing, personal counseling, tutoring and training in product usage, managing or technical consulting. The solution selling approaches by software measures is an example of technical consulting in software markets.
3. **Order Taking:** Once the selling process is over, acceptance of applications, orders, reservations are components of order taking. Unless the service organization is accessible to its customers the real business may not happen. Some service providers establish formal member relationships with customers like Insurance companies and utilities, credit card companies and clubs. A reservation is a special type of order taking which entitles customers to a special type of order taking. Examples include the airlines, cinema halls, and restaurant tables.
4. **Hospitality:** Certain service requires customers to enter the service factory and stay there till service delivery is complete. Well-managed businesses try to treat the customers as guests. Examples of hospitality elements include greeting, food and beverages, toilets and wash rooms, bathroom kits, waiting facilities and amenities, including lounges, waiting areas, seating facility, weather protection, magazines, entertainment and newspapers, transportation and securities. Airlines, Service stations, personal service providers follow this kind of an orientation in business.
5. **Safekeeping:** While visiting a service site customers want assistance with their personal possessions. Unless certain care taking services are provided, they might find the support services infeasible. The examples of safekeeping include provisions for the coatrooms, baggage transport, handling and storage, safekeeping of the valuables and childcare and pet care. The second category of safekeeping involved the physical delivery of goods when the consumers buy them over phone or Internet. Support services of this nature may include packaging; pick up, delivery, assembly, installation, cleaning and inspection. Customers buying consumer durable are also looking for safekeeping in the form of maintenance and warranty and whether they can purchase the maintenance contract as a part of insurance.
6. **Exceptions:** It includes a group of services that fall outside the routine of the normal service delivery. The exceptions include *special request* where individual or corporate customer may request some degree of customized treatment that requires a departure from the normal operating procedures. Advance requests include personal concerns related to stages in life cycle or personal disabilities. *Problem Solving* involves situations when normal service delivery fails to run smoothly as a result of accidents, delays, equipment failures or customers experiencing difficulty in using the product. *Handling of complaints/suggestions/compliments* requires well-defined procedures. When the consumer wants to express dissatisfaction, offer suggestions for improvement, or pass on compliments, it should be easy for the customer to do so and the service provider should be able to respond at the earliest to these problems. *Restitution* is the process by which the customers are redressed. Customers expect to be compensated for serious performance failures. This compensation may take the form of repairs under warranty, legal settlements, refunds, an offer of free service in the future or other forms of payments in kind.
7. **Billing:** It is common to almost all services unless the service is provided free or as a part of the deal. Inaccurate, illegible or incomplete bills offer an opportunity to disappoint customers. Billing should be also done timely so that it will result in faster payments. Various forms of billing procedures exist including verbal billing practices to machine driven billing procedures

and online billing procedures. Different kind of billing services include periodic statement of account activities, invoices for individual transactions, verbal statements of amount due, machine display of amount due, self-billing by the customer and the online billing.

8. Payments: A bill requires a customer to take action on payment either on personal basis or through the bank advice. Customers expect ease and convenience of payment including credit when purchasing goods. The payment elements include self service, direct to payee or intermediary, automatic deductions from financial deposits and control and verifications. The self service include exact change in machine, cash in machine with change returned, insertion of prepayment cards, insertions of tokens, electronic fund transfer, mail a check. Direct to payee or intermediaries include cash handling and change giving, check handling, credit charge, debit card handling, coupon redemption, tokens and vouchers etc. Control and verification include automated systems like machine-readable tickets at entry gates and personal systems like gate controllers and ticket inspectors.

You will appreciate that the eight product support services explained above are important not only for the services marketers but for the marketers of tangibles goods as well (Also, It is possible to outsource many of these services). In mature industries the core product becomes a commodity. The competitive advantage is derived out of value creating support services that surround the core product and is used for creating differentiation. Customer satisfaction is the measure and goal of an effective customer service program.

18.4 GOAL OF PRODUCT SUPPORT SERVICES- CUSTOMER SATISFACTION

Customer satisfaction occurs when the performance meets customer expectations. In a competitive environment, with frequent new product introduction, merely meeting expectation may not be sufficient Organizations that challenge themselves to exceed rather than meet expectations are more likely to pleasantly surprise their customers, cement loyalties, and invest in developing new products and processes that enhance customer value. The ‘exceed’ definition is compatible with the definition of customer satisfaction – meeting the customer’s stated and latent requirements. Customer expectations are a function of the past experience with the company’s products and competitor’s products and communication messages from the company and its competitors. If expectations are hard to match then performance is much more within the company’s control for managing customer satisfaction level. The organization first identifies the components of product or service performance that are especially valued by its target customers and then deliver superior satisfaction on those dimensions.

Activity 2

It is said that most of the Indian organizations provide very poor quality of after sales service. Make it a point to visit a petrol pump, a multi brand outlet of refrigerators and a company showroom of a motor cycle company and conduct an interview with each of the service managers by asking a question “what is the meaning of customer satisfaction for their organization and how do they measure it with their customers.”

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Quality is a concept related to the attitude of the customers and their comprehensive evaluation of the product support services. It is built up from a series of evaluative experiences of the service delivery of the organization to the customers. The quality of a product support service can be only accessed after the service is consumed. The assessment of the quality of the service is made during the delivery of the service and encounter of the customer with the service personnel. Customer satisfaction with service quality can be defined by comparing perceptions of service received with expectations of service desired by the consumers. When the expectations exceeded, service is perceived to be of exceptional quality and also to be a pleasant surprise. So dimensions of service quality refers to process quality as judged by consumers during service and output quality judged after a service is performed. Parasuraman, Zeithaml and Berry suggested that the criteria used by consumers that are important in molding their expectations and perceptions have five dimensions viz. Reliability, Assurance, Responsiveness, Empathy and Tangibles. These have been discussed in detail in Unit 8 on Service Quality.

There are four key factors that can influence a customer's expectations, which may help customers in shaping their expectations of a support service

- **Word of Mouth Communication:** This is the communication that flows from one person to another in a social loop and helps in formulating service quality perceptions.
- **Personal Needs and Preferences:** The relative importance that the person gives to the product support service as an essential part of the offer also influences the service perception
- **Past Experience:** The customer expectations also depend upon past experiences with the service provider of the customer.
- **External Communications:** External communication like advertising, public relation and other publicity tools also influence the quality of service perception

There are various issues involved in the quality of product support service productivity. The managerial task is to transform the service inputs in to outputs, to bring a balance between the productivity of services and quality of services. If the productivity will increase then there is a chance that the quality will be compromised. Productivity helps to keep the costs down as lowering prices helps in building the market and compete better. Higher productivity helps in generating additional revenue that helps in enhancing marketing budget and program and rising profits helps in investing in innovative product support programs. Quality helps in gaining competitive advantage particularly in a commodity market where every product looks similar. It also helps in increasing customer value that contributes towards improving the bottom line. The quality of the product support service is measured by three parameters. They are efficiency, effectiveness and productivity. Efficiency is a comparison to a standard, which is usually a time-based phenomenon that explains how long the employee, takes to perform the service function. Effectiveness is the degree to which the firm is meeting its goals where as productivity is the financial valuation of output to inputs i.e. consistent delivery of output desired by customers should command higher price.

Leading service and consumer durable companies measure the gap between the customer's expected supports services against the perceived services as a routine feed back process. Zeithaml, Parasuraman and Berry developed a model which suggest that customers becomes dissatisfied when their perceptions about service performance don't match their expectations and the model explains five gaps that can lead to customer dissatisfaction. The Gaps Model has been explained to you in Unit 8 (Block 3).

Activity 3

From the activity 1 and activity 2 study build up the service quality diagram of the automobile company and identify the key gaps for the dealer.

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18.5 SUMMARY

In this unit we have essentially looked in to the issue of product support services for the organizations. The complete product solution constitutes an intangible component to augment the physical product in the form of product support service. The objective of any product support service is to create a satisfied and loyal set of customers who will rebuy the product as well as get involved in cross selling and up selling. These customers will also play the role of an advocate for the product. Product support services augment the core product by delivering higher quality. There are various types of product support services like information, ordering, hospitality, safekeeping, exceptions, billing and payments. These services help in building higher level of customer satisfaction. The level of satisfaction largely depends on the type and quality of services provided to the customer. Research has identified five key and independent dimensions of service quality. They are reliability, responsiveness, assurances, empathy and tangibility of services. A service provider has to give attention to these dimensions failing which there can be service quality delivery gaps.. A suitable understanding of the service quality gaps can help a manager to develop strategies to maintain service quality and achieve greater customer satisfaction.

18.6 SELF-ASSESSMENT QUESTIONS

1. Describe the concept of product support services? What is the importance of these services for marketers of tangibles?
2. What are the various kinds of product support services? Discuss with the help of examples.
3. What is the goal of any product support services and what dimensions can lead to an effective service quality delivery?

18.7 CASE STUDY

Customer Satisfaction Program Of DBCL

DBCL is a multi crore company in Indian market. The company markets a wide variety of products in the market. It started as a small company during pre-independence India and was marketing locks for the mass market. Over the years the company has grown into a large corporate house and markets a range of products starting from the locks to refrigerators, edible oil, office equipments and furniture, manual and electronic typewriters, store wells and computers in Indian market. The company has a sister concern which concentrates in to soaps only and is a leading player in the Indian soap market. They manufacture and market both washing soaps and bathing soaps. The company has its headquarter in Mumbai, the commercial capital of India.

Mr Chintamani Rao is the CEO of the computer and office equipment division. Recently the company has conducted a study and has identified that multinationals and some Indian joint ventures are making inroads in to its office equipment and furniture division. Traditionally they were the market leader in this segment and for long they have a premium image as the quality producer and supplier of the office equipments and furniture. They were the number one player in the typewriter market, be it electronic or manual but due to rapid adoption of computers, the typewriter market has undergone a change and there is a large-scale switch to computer typing and printing from the traditional typewriters. The company could foresee this well in advance and decided to launch computer and office equipments for this emerging market segment in Indian market. They started an ambitious program to become the market leader in the office equipment and computer business in the early 1999.

They could find out from customer survey that the erstwhile customers are frustrated with the quality of services provided by the product support service staff in the company. They lost significant amount of the market share to the new multinationals like IBM, Compaq, HCL, Zenith and some local manufacturers. Taking quality and customer satisfaction as the strategic goal and undertaking cost reductions, restructuring of the organization and introduction of new products, DBCL could fight back the market share war and increased market share by 7% in the office equipment and computers division in three years period of time. They were in the process of gaining almost 2% market share every year since 1999. Leadership through quality service has been the motto of the company and customer satisfaction has become the mascot of the company over these years reflected in all the activities in the organization, be it strategic or tactical. In June 2003 Mr Chintamani was reviewing the customer satisfaction program at DBCL and was seriously considering with ideas to make changes in the existing product support service and consumer satisfaction program or modify any of the existing programs for better service delivery.

The Office Computer Market In India

The penetration of personal computers in Indian market has been very slow at the household level. The total sales were confined to the upper class Indians. Various factors are attributed to this phenomenon. The disposable income level of average Indian, the concentration of the purchasing power in urban centers, the level of adoption of computer education in the school and college curricula, the career opportunities in the field of computers, application of computers and computer related technology in the business domain are some of the factors that contributed to the poor penetration of personal computers at the household level. However there was a big change happening in the business area. Companies were eager to leverage the benefits of the liberalization and working very fast to catch up business to cater to the global volumes. Many multinationals entered in to the Indian market through both organic and inorganic route. There were takeovers and buyouts in Indian markets where the multinationals were buying Indian companies with substantial business presence for inorganic growth.

Large corporate houses were either undergoing joint ventures or increasing their market presence by expanding and restructuring their organizations to suit to the liberalized competition. These kinds of anthropomorphic changes made the companies to invest substantially in information technology infrastructure. There were two kinds of investments seen in the organizations viz. huge investments in procuring the hardware and also for procurement of software.

Market Segments and their Characteristics

It was this kind of investment on hardware where DBCL saw an opportunity to grow with its office equipment and computer business. The total market for office equipment was largely divided into three tiers. The low tier represented the market where people were buying computers to support their business. These are the people who were in the business of providing services of typewriting, photocopying and was a captive market for DBCL for a long time. But this market was price sensitive and gave lesser value to the concept of product support services. So local small time vendors who were doing assembly of components and selling computers at a lower rate and providing after sales service locally were a big threat to the DBCL market which was selling products with a higher price tag compared to the assemblers in the local markets.

The mid tier consisted of offices whose requirements were more than ten but less than twenty-five personal computers. These business houses were conscious about quality but were not ready to part with a large sum for the concept of product quality and superior service. Mostly, industry treated them as also ran customers. There were low end players like Zenith, Piramals in western Indian market, Monosoft in the eastern Indian markets and few of the Korean majors (other than LG and Samsung) playing a mid price and average service game in this market. These players targeted majority of small and medium business. There was a price advantage in these markets for the medium operators where their brand name did not play any role.

The top tier consisted of large corporate houses who were going for a large scale investment and information technology restructuring in their organizations, not only by buying hardware but also investing substantially on software, operating systems, servers and solution providers like SAP and other supply chain and customer relationship management software. The companies were investing heavily and they were quality conscious. They were giving high importance to the product support services in their purchase decision due to the simple fact that their business model was more driven on information technology platform, so a longer downtime of the systems means loss of business and chaos in business operations.

The companies were looking for quality product support services as the key differentiation in business due to high level of commoditization in the hardware product market. Profit margins in this market were quite high, so also the demands of product support services. Many companies were providing different kind of warranty schemes also to attract the customers including onsite service by the vendors. DBCL looked in to this market for quality hardware provider because the company was perceived as a quality player when there were no computers in the office equipment market.

The Nature of Competition

The market was highly competitive. At the low end were the unbranded local players who were providing excellent support services due to the small market size and closeness with the customer and the price advantage. On the mid segment the customers were bargain hunters and expect everything under the sun as a part of the deal. A large number of national and Indian players were operating in this segment. This market was purely a commodity market and decisions were made on the basis of price though they valued customer service and after sales support as important. The top end of the market was quality conscious and was mostly dominated by players like IBM, Compaq, Apple, Dell, LG, Samsung, HCL and of course DBCL. The customers were more sensitive to services and valued the quality and type of service as the key differentiator before making a purchase decision.

DBCL saw an opportunity to grow in this market and regain its market share but Mr Chintamani from his market visits was not sure about the perception of customers about the product support services provided by DBCL to the existing customers. He was of the opinion that the best way to enter in to this market is to provide the computer related products to the existing customers who are using DBCL products in their offices. He was sure they can use the same concept of “office face lift” that they were using for marketing office furniture including and cabinets and separators with a proposition of giving a modern look to the office for marketing computers.

He had a faint idea that the customers don't perceive the company was quality service provider. He was curious to know what were the reasons for which DBCL was perceived the way it was. He decided to conduct a marketing research on these issues and in order to get a neutral view contacted Prof Tapan K.Panda (TKP) of Indian Institute of Management Kozhikode (IIMK) to conduct a survey on the perception of customers on DBCL as a quality service provider. The research report revealed horrible stories about the company. People perceived DBCL as a traditional organization still living in the pre-liberalization era. They are of the opinion that customer care department was not prompt enough to respond to their complains and the grievances were redressed after a long period of time. This has spoiled the goodwill of the company as a good service provider. Historically the low wend of the market was serviced by the dealers and distributors and the high end of the market by the company service personnel. The perception of the customers about DBCL as a quality service provider has eroded over years.

So the priorities for the company in its new vision statement was to achieve a higher return on investment, market share and customer satisfaction. The earlier customer satisfaction program brought this into light that customer satisfaction was not a priority of the company as they were operating in the same mindset of pre-liberalized era. Mr Chintamani was convinced that customer satisfaction goal can itself bring more closer to the other two objectives. He announced customer satisfaction as the sole goal of the organization in a series of meetings and discussions platforms in the organization. He issued a set of guidelines and requirements to make customer satisfaction as the key goal of the organization, to all its operating units. Operating units were asked to prepare their own strategies to achieve the goal of customer satisfaction through voluntary quality circles. He insisted that a common and uniform measure should be used across the country for measurement of customer satisfaction.

The units were allowed to conduct their own market survey, asking different questions on the dimensions of service quality as briefed by Zeithaml, Parasuraman and Berry (See Unit 8). The external corporate goal was to cross all the competitive benchmarks in the industry and the internal goal was to improve the service quality five times over two years from the current level on all the dimensions of quality. The top managers were trained to become quality leaders and role models for the subordinates on service behavior to the customer. They should personally take the lead and satisfy customer requirements and resolve customer complaints by themselves.

It was also the responsibility of all the executives in the hierarchy to develop a responsive mechanism and attitude at each level towards customer problems. Each customer interaction was treated as an opportunity to enhance the experience of customers with DBCL. Customer relations groups were initiated at each level to have direct customer contact and do the follow up for finding out reasons of customer dissatisfaction and to resolve customer objections at the earliest. The perceived benefits of the customer relations groups were to

stay closer to the customers, having a cross functional outlook to customer issues and having a closed loop process to identify problems, to conduct a root cause analysis, and provide recommendations for avoidance and elimination of the customer problem. The staffs at the local level were empowered to take collective action for enhancing customer satisfaction.

Attempts were also made to establish customer support teams for post sales follow up and customer complaint management systems across the organization. The customer satisfaction were measured by the external customer satisfaction data collected through a mail questionnaire method from the customers who had obtained services in a month time from the service personnel and internal quality workshop improvement programs done at various levels of the organization. The external data collection was done through periodic survey, new establishment surveys, opinion of the decision makers as well as that of the users of the products collected across the industries to measure the universal application of the customer satisfaction program. The internal measure of the customer satisfaction and service delivery was done by analyzing and bench marking the processes and standards set for the purpose. All the research results were made available to the service employees to build their awareness and commitment to the customer satisfaction program and invite their recommendations to bring improvements in the level of customer satisfaction.

Summer of 2003 and The Future

Mr Chintamani could find out that the customer satisfaction program in DBCL has brought very good results but he was planning to take the strategy further and delight the customer by outsmarting the competitive benchmarks through the introduction of a new customer guarantee program. This satisfaction guarantee program will lead to greater customer satisfaction and higher loyalty rate among its existing customers helping them for cross selling and up selling the new innovative products of the office equipment division. It wanted to come out with a guarantee program that will be difficult for the competitors to compete. (You may also refer to Unit 10 wherein issues related to service guarantees have been discussed)

Many senior managers are of the opinion that they should come out with money back guarantee program, which is based on a proposition that if one is not satisfied with the product or service, he can return the product, and take back the money.

Others are of the opinion that service guarantee will be a better option which is based on a proposition that if the machines are not operating as per the promise then the customer will receive five to fifteen percent off in the next deal.

The third option is a product performance guarantee in which the proposition is that if the machine does not perform as per the specifications for the period of warranty, then the whole unit shall be replaced at no charge.

The fourth option is a product fit guarantee in which the proposition is that if the product does not fit to the promised level during the period of warranty then the customers can trade it in for full credit towards any other product as desired by the customers.

All these options were quite unique in the Indian market and if the customer satisfaction programs are not properly executed then may cost very heavily to the company. Yet Mr Chintamani was sure that the board will definitely approve the idea that quality of the customer service should be the

differentiator in the market where customers are quality conscious and market is slowly moving towards commoditization. It is the over all experience of the solution and not the physical features of the product that will drive the brand value and business profit in the future.

IIMK conducted research for DBCL on the above propositions. They conducted both qualitative research through focus group and in depth interview of the existing customers and a personal survey in selected cities of India having corporate headquarters of large concerns. Some key issues came out of the study that include the credibility of a guarantee program. Customers are of the opinion that any body can offer a guarantee program but customers will look at the credibility of the organization offering the guarantee in terms of its capability in delivering it and its past practices and intentions in delivering it to the customers. The length of the guarantee is also an important factor. If the guarantee is for a year or two then in a durable like computers and office equipments, it is treated as a sales plea. If it is offered for a longer period of time then the customer must be indirectly paying a premium for the purchase. For the service guarantee, the time taken to respond to the customer's problem and the down time of the machine at the customer's point will be the deciding factor. The money back guarantee is a low commitment from the supplier as the supplier wants to escape the route of providing the quality after sales service through paying the cash back to the consumers than solving the problem. Again the dissatisfied customer will walk to the competitor with the cash for a deal and companies will lose the opportunity of generating business from the customers. The product performance guarantee should be provided at the customer's request than by the company policy and company should not ask any questions for the same service. The product fit guarantee was not found suitable among many customers, as they do not want a machine replacement rather, they prefer the machines to function properly and without much trouble to the organization.

Mr. Chintamani dropped the idea of money back guarantee as it shows a lower commitment to the service quality and he also decided against the product fit as it was not preferred by customers. A guarantee program should not be a replacement program. It should be a strategy of building relationship and commitment being responsive to the customer problems. The service guarantee should be linked to the response time and the performance guarantee to decider of the product performance standard. In majority of the Indian organizations, the performance guarantee was decided by the supplier and manufacturer, Mr Chintamani is thinking whether this can be left to the consumer to decide the level of the performance guarantee, which can be put to the market as a value differentiator for higher customer satisfaction. He has to suggest what kind of customer guarantee program DBCL should offer to the market.

Questions

1. What problem DBCL is facing in this case? What factors have contributed to such a situation for the company?
2. Evaluate the options available to Mr. Chintamani for developing the customer guarantee program?
3. Should Mr Chintamani decide in favor of performance guarantee program? If yes then develop a customer guarantee program for DBCL?
4. What kind of internal orientation is necessary in the product support service department for making your suggestion a successful strategy in building customer loyalty and goodwill for DBCL?