

# Necessity and effectiveness of after sales services

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When Sinee Electronics shifted base from Thane to Delhi, it installed 16 UPS and four inverters to run its office. A popular brand, which provided both UPS and inverters, was very prompt in delivering the products and installing them. Not only that, the two servicemen who had visited the site to install the machines, spent a full day in explaining the. On the other hand, good customer service often isn't good enough. Customers are becoming increasingly disillusioned with the "merely adequate" services provided by companies.

For them, exceptional service is the rule, not the exception. Anything less, they're ready to change their brand. That makes extraordinary service necessary, not just desirable. Service: An inherent part In this competitive sector, it is important that any company keeps its customers happy. Strategically as well as financially, it costs much more to hook a new customer than to hold on to an existing one.

Companies vying with each other, therefore, need to offer excellent customer services or else the customers will go to their rivals. After-sales service has become an integral part of a company's overall strategy when it comes to building loyalty, improving customer satisfaction, reducing costs, improving product design and discovering new market opportunities," states Nilkantha Rath, senior manager, customer support, Delta Energy Systems (India). Explaining the necessity of after-sales services, Devender Sharma, manager, service, Intex Technologies India, says, "An organisation cannot exist without a robust after-sales service support. Strong after-sales service support forms one of the basic requisites of creating good and long-term relationships with consumers.

It is, in fact, instrumental in enhancing brand image and building goodwill. " Yogesh Dua, managing director, UpsIN-word of mouth. " verter. com, however, feels, " A product sans after-sales services holds no value for the customers and will eventually lead to the col-lapse of the entire sales channel—steadily but surely. These services spread publicity through word of mouth. " Elnova director, Vijay Mehra, explicates, " With sophisticated systems in use it is very essential that the wiring is properly set up.

Unfortunately, the electrical sector is very disorganised and the wiring is not properly done and that's where the after-sales services of UPS or inverters come in place. Most of the problems come up due to incorrect wiring systems and it is the products that suffer. We need to educate customers about this. Improper wiring can even lead to disasters. " Elnova director, Vijay Mehra, explicates, " With sophisticated systems in use it is very essential that the wiring is properly set up. Unfortunately, the electrical sector is very disorganised and the wiring is not properly done and that's where the after-sales services of UPS or inverters come in place.

Most of the problems come up due to incorrect wiring systems and it is the products that suffer. We need to educate customers about this. Improper wiring can even lead to disasters. " Is it a revenue model? The recent fluctuating economy, leading to decline in product sales, the high market pressure and the increased competition in the power electronics industry, have compelled brands to search for new business opportunities. In such a scenario, it is imperative for companies to focus on strengthening sales in their service sector. However, most brands are not comfortable about admitting the fact.

While some feel after-sales services have become a new revenue-generating model, others deny the fact and claim their products require zero maintenance, and hence, inspiring no revenue through after-sales services. “ After-sales services have become increasingly important as a source of differentiation and market share for the manufacturers, resellers and strategic drivers for retention of customers, thus, getting a competitive edge. In addition to customer loyalty, service after sales has also been shown to be essential in boosting revenue.

Studies in this area show that on an average, services after sales contribute to 24 per cent of a firm’s revenue and as much as 45 per cent of its gross profits,” informs Nilkantha Rath. S Aboosali, executive director, Numeric Power Systems, also feels after-sales service revenue has been increasing as a good share of the total revenue in recent years. Dua, however, believes services after sale help in increasing the revenue but only by degrees. “ In power conditioning, I don’t think that’s a workable idea or even possible.

In this industry, the after-sales services segment is not strong enough to sustain a company on its shoulders alone. It would be incorrect to say that they have become a revenue model. It’s tough to generate much revenue exclusively through such services. Rather, we see it as a mechanism for building good brand image and not as a revenue-generating strategy,” he adds. Citing after-sales services as a service to the customers, Elnova director Vijay Mehra, says, “ We do not see it as a revenue-generating model. We don’t insist on annual maintenance contracts (AMCs); if the customer desires, we provide them.

However, two to three years down the line we may consider pursuing it as a revenue-generating model. " Still, going by the number of AMCs taken up by power electronics companies and the revenue they earn through it—even a small company earns at least 10-15 per cent of its total annual revenue through after-sales services—there is no doubt that these firms make profit out of services after sales. Moreover, the huge amounts thousands of enterprises spend on their AMCs for UPS, inverters and batteries, make the picture crystal clear. While Intex Technologies earned Rs 1. 0 crore in 2008, Uniline did a business of Rs 1. 80 crore in 2008 through after-installation services. Best Power Equipment India (BPE India) gained Rs 1 crore as revenue through services in 2008, which is 10 times higher than what it had earned in 2007. " We sell only to original equipment manufacturers, hence we get less AMCs. Yet, we make efforts to earn revenue through services and try to increase them every year," claims Amitanshu Sathpathi, director, BPE India. Even Elnova, which does not treat services as a revenue model, earns 15 per cent revenue by providing them to clients.

High-margin revenue driver According to an industry analyst, the after-sale services business is a high-margin revenue driver for manufacturers and their channel partners. Surprisingly though, barring the 30 per cent of companies who admit making profit out of after-sales services, a reasonable number of companies are not taking the immediate add-on opportunity of making revenue and profit by not pursuing post-product sale maintenance agreements, warranty extensions or renewal agreements with their existing customers.

Industry insiders are of the opinion that “ In order to successfully respond to the changing demands of enterprise customers, manufacturers must change their business models from a product-centric to a service-led business model. ” As a part of this transformation process, it is essential that manufacturers and their channel partners pursue their after-sale service business in a planned manner. This can be achieved by prompt, efficient and most importantly, tailor-made solutions for the enterprises. Right service sales skills

To derive a good amount of revenue from after sales services, companies must have the right service sales skills and best management practices in place. “ We cannot survive without gaining faith of the customers. Customer satisfaction is our topmost priority and selling skills are a critical competency,” points out Shiv Shankar Kushwaha, proprietor, Raj Electronics. Sharma strongly feels, “ If customers’ needs are not addressed, there is no compelling reason for them to consider using your machines or to change vendors. If you really want customers to take your services, you need to give them a reason. Service to customers We do not treat services as a revenue model—it is a service to the customers. If the customer wants them from us, we provide them. As a result, we do not push AMCs on them. It is totally based on consumer needs. However, the percentage of AMC is low in Elnova. We hardly get any complaints about our products. However, some complaints do come for batteries. Sometimes, batteries need replacement, but usually, faults arise due to incorrect usage. In case of complaint regarding a UPS, it is always repairable—they never become junk. We always take into consideration the cost of battery failure.

We try to give services promptly—in NCR, complaints for small sets are attended to the same day. For the big ones in enterprises, we do it even after 6 pm, in fact, whenever we get a call we immediately attend it. We give inhouse training to the engineers and disseminate all necessary information among them. No doubt, customers have become aware and hence, more demanding. But we know how to handle them; these are hassles of the trade. Rugged products, hence less service We believe prevention is better than cure. We, therefore, make our products rugged and try to eliminate the number of times services are required.

As a result, we attend only to faults and provide normal maintenance services. We don't get too many summonses for services because our products are designed for rugged usage and rarely give users any trouble. Our services entail repairing, fault-finding and component-replacing. We treat service to customers as a good brand-building strategy. The duration of these services depends on the location and the kind of problem. If it's a remote area, it will take time for our service engineer to reach there. The same goes for the problem with the device.

If it's a minor fault, it doesn't take much time but if the problem needs extensive repair then the duration will be lengthier. Servicing in our industry is the best way to advertise ourselves. Outsourcing services will definitely not serve the purpose. So, we cater to servicing ourselves. Once services have been provided, our staff checks on the customers via phone to ensure that the problem has never occurred again. So I would say it is of utmost value to us to keep our customers satisfied through our services. We believe

that if we invest in a healthy product and reliable services to back it, the outcome will be good too.

We invest in servicing to propagate a good product image so that the sales repeat themselves and not the complaints. Prompt delivery of services by qualified engineers is considered an important aspect by consumers in choosing a brand and its services. “ Basically, the service men are not engineers, they are diploma holders. We need to give them inhouse training to push them to the level we require,” says Mehra. “ Qualified engineers can be hired, but it is difficult to retain them. They look for short-term associations,” complains Sathpathi. Ideally, the candidate should possess a diploma in electronics, but adequate experience without this qualification is also a sufficient recruitment stimulus,” points out Dua. However, a good chunk of the revenue is three times per every 100 sets supplied in a year. That’s basically nothing. But spare management in itself is a vast area and for companies managing business across the country, out of around 30 service locations, need to have a very strong management information system (MIS) in place and a dedicated trained workforce to manage spares. A huge loss occurs in over and under-stocking, leading to holding cost and obsolesce.

Recycling of repairable items and bringing them back to usable condition needs to be controlled in a very systematic manner,” he adds. “ The complaint rate is less than 1. 5 per cent of the total sales in warranty period,” points out Dua. “ Most manufacturers lose 5-6 per cent due to wastage of spare parts and this is obvious,” he adds. Secondary business opportunity Since service sales and AMCs are seen as a secondary business



opportunity by most manufacturers, they dedicate their existing sales systems and staff to product sales and don't fully focus on exploring this new revenue opportunity.

But industry analysts strongly believe that in today's competitive business scenario, it is highly important to provide prompt and effective after-sales services to customers. Companies with strong after-sales service facilities can generate trust among customers, resulting in long-lasting business relations. " The responsibility of after-sales service does not end with the installation of the product; we need to provide customers with constant training, preventive and breakdown maintenance for the smooth operations of the machines installed. Breakdown of a machine causes losses in production, eventually affecting the business.

So providing quick and effective service to the customer is essential," concludes Rath. For your peace of mind When difficulties arise in your UPS, inverter or batteries, the service engineers of your device's brand reach the site of the problem to repair the system, accurately diagnose abnormalities and take corrective measures to prevent recurrence. Following are the services that you may expect from manufacturers. Services during guarantee/warranty period Pre-installation support: Customer is helped in preparing the installation site required for the product as per the correct specification and safety measures.

Installation support: Onsite installation service is provided and the equipment is tested with the customer's applications. Customer is given detailed user training and also made aware of the emergency procedures and dos and don'ts. Preventive maintenance: The required preventive

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maintenance schedule is tracked through MIS system and the maintenance at the customer site is planned periodically to keep the equipment working in a healthy condition and also abnormal conditions, which may harm the operation of the equipment.

Breakdown maintenance: Telephonic and onsite breakdown maintenance is provided 24x7. Each breakdown call is tracked and closed within few hours of complaint logging. In case of emergency, we provide standby equipment to run the critical customer application. Services after warranty period Post-warranty period, support to customers is continued with preventive and breakdown maintenance besides providing them with detailed user training as and when required. However, a service contract agreement is drawn with customers after warranty expiry.