

# **Importance of Services in Industrial Marketing**

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# IMPORTANCE OF SERVICES IN INDUSTRIAL MARKETING

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## Abstract

Though industrial marketing has been emerging as a distinctive area since the late eighties, there is very little literature on the importance of services in industrial marketing. In the liberalised Indian marketing scenario, there is a lot of scope for value addition in industrial marketing if services (both pre-sale and after-sale) are used as a marketing tool. The first part of the paper deals with certain selective but vital aspects related to services in industrial markets. These aspects are obtained from selected articles and studies. The second part brings out the author's opinion on the importance of services in establishing credibility in industrial markets. The third part deals with several dimensions of pre-sale services as visualised by the author. A survey of literature on services (related to industrial marketing) shows that pre-sales service is an area which has not been explored very much. The objective of the article is to highlight the usefulness of services as a competitive tool in industrial marketing.

## Importance of services in industrial marketing

There are certain important dimensions which are associated with services in industrial marketing. These dimensions can be categorised under the following aspects:

- 1) After-sales service
- 2) Guarantees
- 3) Spares
- 4) Customer service

The first two articles deal with two important aspects of after sales service - what kind of service is necessary for building customer relationships and how the perceived after sales service of customers should be in tune with that perceived by managers. The third article deals with the importance of guarantees and the fourth deals with the importance of spares in after sales service. The fifth article deals with the importance of distribution channels in enhancing customer services. The sixth and seventh articles deal with the importance of customer service in achieving a competitive edge in the market place.

#### After the sale is over

In his article "After the sale is over" Levit (1983) emphasises the importance of "relationship management" between the seller and the buyer. He is of the opinion that the relationship intensifies after the sale and helps determine the buyer's choice the next time around. He mentions the example of automated machinery and expresses the opinion that buyers expect installation services, application, aids, parts, post-purchase repair and maintenance and retrofitted enhancements after the sale is over. The author brings out the compelling differences

between the old and the new selling arrangements, with a few examples as given below:

<u>Item</u>	<u>Previous assurance</u>	<u>Present assurance</u>
Auto warranties	10,000 miles	1,00,000 miles
Technology	buy	Lease
Equipment	Repair	Maintenance

<u>Item</u>	<u>Purchase Cycle in Years</u>
Oil field installation	15 to 20
Chemical Plant	10 to 15
Weapons System	20 to 30
Major Components of a steel plant	5 to 10
Paper Supply Contract	5

Changing Perceptions of "Product Value"

<u>Category</u>	<u>Past</u>	<u>Present</u>	<u>Future</u>
Item	Product	Augmented Product	System Contracts
Sale	Unit	System	System Over Time
Service	Modest	Important	Vital
Delivery Phase	Once	Often	Continually
Strategy	Sales	Marketing	Relationship

The author expresses that the buyer expects the seller to remember the purchase as having been a favour bestowed, not as something earned by the seller. One of the surest signs of good or bad declining relationship is the absence of complaints from the customer. No customer is ever that satisfied, especially not over an extended period of time. The customer is either not being candid or not being contacted. The author brings out the importance of the seller to nurture the relationship to build up a system of reciprocal dependencies. Relationship management requires companywide maintenance, investment improvement and even replacement programmes. This becomes more pronounced especially when the purchase cycle is long the people in the vendor organization who did the selling and those in the customer organization who did the buying will be replaced over the course of those relationship.

The author finally expresses that managers must meet four requirements to manage relationships.

- awareness to understand both problem and opportunity areas.
- assessment to determine where the Company stands in terms of desired results.
- accountability to establish regular reporting on individual relationships.
- actions to reinforce decisions.

The author effectively establishes the need for a sustained relationship between the seller and buyer throughout the life span of the product. This will ensure customer goodwill over an extended period of time.

## After sales service quality: views between industrial customers and service managers

This study undertaken by Kasper and Lemmink (1989) focuses upon the comparison of perceptions of the industrial customers on after sales service with the view of the service Managers in the company have about these customer perceptions. While Parasuraman Zeithaml and Berry (1985) have drawn conclusions about certain aspects of service provided to the customer in their earlier studies, they carried out their tests in services related to banking, insurance, transportation, accounting, engineering and consultancy. This study deals with the application of the concept of service quality in the field of industrial products.

In this study the authors have focussed on the possible discrepancy between the industrial customers' perceived after sales service quality and the management's (service managers') perception of their industrial customers' perceived after sales service quality. This was studied with respect to the overall judgment of the service as well as various characteristics of the after sales services provided by a large supplier of office equipment. The company's clients were both private and public organizations. Both type of customers were subdivided into large and small segments. The sample was based on these four segments. The questionnaire's nine general questions regarding the Company involved including some general statements about the after service rendered. The nine issues are:

1. Quality of equipment.
2. Quality of spare parts and materials.
3. Administrative services (contracts invoices).
4. Quality of delivery.
5. Quality of instructions at the time of delivery.
6. Relations with vendor's sales staff.
7. Relations with vendor's technical services staff.
8. Complaint handling aspects.
9. Relations with vendor in general. Eight specific items with regard to after sales service were also presented in the questionnaire. They were
  1. Availability of technical services staff.
  2. Dispatchment of break down call.
  3. Response time (between request for technical services and arrival of technician).
  4. Repair time.
  5. General attitude and behaviour of technician.
  6. Availability of spare parts during service calls.
  7. Price performance ratio of services rendered and
  8. Service Contract Options.

The respondents had to score each of the 17 items on a ten point scale (1 = very bad 6 = adequate 10 = excellent). In total 775 industrial customers of the Company were included in the opinion survey. In addition 35 top and middle managers employed in the company's service management were asked to complete the

same questionnaire as their customers had received. The results of this part of the study would reveal the managers' perception of customers' after sales service perceived service quality (these managers approached are decision makers in the service area and not field service employees).

The study revealed that the supplier's service managers under estimate the quality judgments of their customers. The largest differences with respect to the general company items were observed in the following areas.

1. Administrative services.
2. Complaint handling system.
3. Relations with the vendor's sales staff.
4. Relations with the vendor in general.
5. Quality of delivery.

The largest differences with respect to after sales service were observed in the following areas.

1. Availability of technical services staff.
2. Response time.
3. Price performance ratio.

It was also found that the industrial customers rank two items more important than service managers.

1. Dispatchment of breakdown calls and general attitude and behaviour of technicians. Despite these differences there are some similarities too. In general, both service managers' and customers' perception of the after sales service quality items



show the same trend. Both the groups of respondents give the lowest quality score to the response time, while, they simultaneously give the highest importance score to the same item.

The service managers' perception of the industrial customers' perceived after sales quality differs from the customers' perceived after sales service quality. This study also reveals that service managers think industrial customers will give higher importance score but a lower quality score than they actually do to those after sales items which are labelled as more tangible. Both the groups of respondents consider response time as important. The company has to do much to improve this aspect of their after sales service strategy. The results clearly indicate in what areas customers might need improvements in the company's after sale services strategy. The results also indicate in what after sales service areas it is strong and those areas in which it is weak. Strengths can be found in the "human area" (for instance general attitude and behaviour of the technician) while the response time can be labelled as weakness.

#### The power of unconditional guarantees

The author of the article Hart (1988) emphasises the need for guarantees with regard to services to enhance customer satisfaction. He also presents certain valid reasons which highlight the importance of guarantees on services.

The author contends that the following aspects are important for a good service guarantee.

1. The guarantee has to be unconditional.
2. It must be easy to understand.
3. It must be meaningful.
4. It must be easy to invoke.
5. It must be easy and quick to collect on.

If a company cannot guarantee all elements of its service unconditionally, it should unconditionally guarantee the elements, it can control. A guarantee should be written in simple, concise language that pinpoints the promise. Customers can know precisely what they can expect and employees know precisely what's is expected from them. A good service guarantee has to be meaningful in two aspects - it has to guarantee those aspects of service which are meaningful to the customers and it has to be meaningful financially. It calls for a significant pay-out when the promise is not met. A customer who is already dissatisfied should not be made to go through rigorous formalities to invoke the guarantee. Similarly customers should not be made to feel guilty about invoking the guarantee. A company should encourage dissatisfied Customers to invoke a guarantee. Finally customers should not be made to work hard to collect a pay-out.

The author goes on to suggest what a company should not do in its guarantee. A guarantee

- (i) should not offer something which customers already expect.

(ii) should not contain too many conditions (so that it loses its point)

(iii) should not offer something so mild that it is never invoked.

#### Why a Service Guarantee Works

A service guarantee works effectively because of the following reasons:

1. It pushes the entire company to the focus of customer's definition of 'service', enhancing customer satisfaction.
2. It sets clear performance standards.
3. It generates reliable data when the performance is poor.
4. It forces the entire system to examine its entire service delivery system for possible failure points.
5. Finally due to enhanced customer satisfaction, it builds customer loyalty and market share. One great potential of a service guarantee is its ability to change an industry's rules of the game by changing the service-delivery process as competitors conceive it. By offering a 'breakthrough service', a company can alter the basis of competition in its line of business.

#### Spare parts and after sales service

In their articles "Out of touch with Customer Needs? Spare parts and After sales service" (1990) Morris A Cohen and Han L. Lee convey that after sales service is the activity that supports products after they have been delivered to customers. The

authors feel that after sales service targets should be defined and treated explicitly as a component of corporate strategy. The authors discuss factors that have affected after sales services and management of spares. Technological developments, just in-time approach, market changes, higher customer expectations and reduced product life cycles are some of the factors which make marketers take a re-look at their after sales service strategies. The authors have conducted case studies which focus on firms that maintain extensive after sales service decisions that view the delivery of such service as a critical requirement for competitive success. The first was a main-frame computer firm and the second was an automobile manufacturer. Both these firms had thousands of stocking points and inventory constitutes a very large capital investment. From these case studies the authors concluded that there are five major aspects regarding after sales service and spare parts distribution.

#### 1. Net work stocking policies

- \* Low usage and /or expensive items should be stocked centrally.
- \* No location stocks all items.

#### 2. Implications for design of the Logistics System

- \* Central distribution centres provide back-up for low demand and expensive items.
- \* Fixed costs of operating facilities and differential use of those facilities can lead to net work consolidation.

### 3. Service Management

- \* "A part is not a part" because of differences in the relative frequency of demand and "essentialness" in keeping a product operating".
- \* Consumer oriented product (machine) service levels should be developed. These measures can be based on repair/job completion rates and customer delay times.
- \* Service measurement should be applied to all decision makers in the parts logistics system.

### 4. Data and Parameter Analysis

- \* Machines fail randomly in the field and each machine failure involves the malfunction of one or more parts. Consequently parts requirements forecasts should be based on
  - the number of installed machines in each region.
  - the failure rates of each machine.
  - the number of parts of each, type used in each machine.
  - the malfunction rate for each part machine combination.
  - national failure rates estimates can be used to compute part malfunction and replacement rates.

### 5. Control System Implementation

- \* An integrated information system to link the databases on parts distribution can be built.
- \* Demand and other data parameters can be estimated.

Improving post purchase satisfaction through industrial distribution channel services.

This research study was carried out by Withey (1988). The study used data provided by the buyers of 'Electronic Message Centres'. This product is a unique type of outdoor advertising equipment, capable of displaying a large array of changeable messages which move and flash. This equipment meets all the definitional criteria of an industrial installation. The principal hypothesis of the study is that post-purchase satisfaction among the buyers of industrial installations is positively related to buyer feelings about the following factors.

1. Impact of purchase on other company expenses.
2. Ability of the purchased item to attract new customers for the buyer.
3. Quality of training programs offered on use and application of purchased item.
4. Consultative services provided by the supplier.
5. Functional performance of the purchased item.
6. Quality of maintenance and repair service.

Filled-in questionnaires from 95 respondents were used for analysis. Questionnaires revealed the attitudes of the respondents towards the six factors mentioned in the study. The result of the study showed that the factor associated with "ability of new installation of the equipment to allow the buying organization to attract new customers" was the biggest contribution to post-purchase satisfaction. The other two

factors (ranked) which were found be associated with post-purchase satisfaction were training programs relating to application and use of the equipment and quality of maintenance and service.

#### Implications for channel management

Channel structure and channel management should include post-purchase settings. Degree of post-purchase satisfaction among channel members is significant to repeat business. This is especially true in distribution channels that carry high value infrequently purchased industrial installations. A seller's ability to generate new business for those products is strongly dependent upon post-purchase satisfaction among buyers. Findings of the study show that the key post-purchase activity desired by the purchasers of industrial equipment is to help in using the equipment to attract new customers. Managers from supplier organizations should become involved in this function for their customers. Results of this study also suggest that marketers of equipments must pay close attention to their channel's ability to deliver quality maintenance and repair service. Post-purchase repair service is a distribution activity. The principal recommendation generated by this study is for supplier organizations to become more involved with marketing research to focus upon the needs of customers (both pre-sale and after-sale). Results of the study in this article suggest that a limited number of factors can have significant influence on post-purchase feelings among industrial buyers.

## Customer service

In his article "Customer Service as a Competitive tool", Kyj examines the use of customer service as a competitive weapon in industrial markets. There is ample evidence to suggest that the attitude towards customer service has undergone a change because customer service offers possibilities when traditional modes of competition are closed and because the dimension is more versatile than as first thought. In the study conducted by the author, 234 firms were approached (the firms were drawn from six different industries - silicate, concrete, heating oil, industrial gas, rubber and agricultural products). The respondents were presented with 61 possible customer services and asked to rate them in terms of their importance to their organization on a 7-point scale. The list of 61 customer services were compiled from interviews with businessmen, a review of customer service literature and respondent suggestions on pretest questionnaire.

The author of this study hypothesised that organizations with a written customer service policy would demonstrate a stronger service orientation by assigning greater importance to respective customer attributes than firms which choose to downplay this dimension. The importance ratings, which were assigned to each one of the 61 customer service attributes used in the questionnaire were compared against two customer service categories - that is "Written Service Policy" and "No written



service polity". It was concluded that the majority of the organizations in the sample study did not have a written policy on customer service though most indicated that customer service was a competitive weapon. However, those firms with a written policy statement showed a marked bias for a high individual service attribute rankings. It is unclear whether the firm offering a written policy statement loses a competitive edge or gains by high-lighting an attribute that should enhance the overall worth of the product. It is the author's feeling that the later is more likely since research indicates that it is worthwhile to emphasise quality differences in products.

#### Customer service and customer satisfaction

In this article Kevin (1989) emphasises the following aspects:

- a. Reasons for failure of service investments.
- b. How customers view service.
- c. Certain principles on investing in service.

The author feels though superior service could provide a competitive advantage, not every attempt to provide service will create a competitive advantage. The author feels service investment may fail to produce the desired service results due to a variety of reasons. The product complexity may be one reason why the desired service level may not be produced. Another reason may be that the firm is concentrating on improving service in ways the consumer may not care about. Probably the most

common mistake is incorrectly assuming that improvements in a particular aspect of service will necessarily affect consumer's overall perception of service. Another important reason may be that the effort to improve service may be made at the expense of other, more important elements.

Service innovation, the author contends, may be copied quickly. After a period of time, customers may not remember the firm which pioneered the particular service. Another important reason may be that margins in the business may not support the cost of additional service. Many companies have initiated new services only to find margins falling to unacceptable levels.

#### How customers view service

The author suggests four vital dimensions/aspects about service.

- i) They view service as separate interactions with the Company which could be termed as "Service encounters". Each encounter has a number of attributes (for example level of courtesy, competence etc.).
- ii) Customer's expectations about service are a function of whether the encounter is environmental, transactory or assistance-based in nature.
- iii) Individual service encounters produce one of the five states of satisfaction - Okay, Dissatisfied, irritated, angry or excited.
- iv Links exist between service and customer behaviour.

The author explains that service consists of many elements and service analysis must be conducted individually on each significant attribute. Another aspect which may be relevant to attribute analysis is that attributes vary in importance.

#### Service encounters and customer expectations

The author explains the various kinds of service encounters. Environmental service encounters are interactions that customers rarely notice unless they are performed so badly as to be intrusive.

Transactory encounters are ones in which customers are engaged in entirely routine transactions with the provider. Assistane based encounters are ones where customers cannot precisely define outcomes in advance and thus need the input of provider to make the best decision.

#### Linking service satisfaction and customer behaviour

When service is analysed correctly, one can established a link between customer satisfaction on the most important elements of service and customer behaviour. The author cites the example of a manufacturer of a product with inherent reliability problems who discovered a tight correlation between the level of customer satisfaction with service performed under warranty and repurchase loyalty over a several year period. The author recommends four basic aspects which are necessary for a firm to become a service leader. They are:

- 1) The firm should find out if there is a large, unsatisfied need for service in the market.
- 2) The firm should find out if the market can be segmented based on the service.
- 3) The firm should decide if it can fill the service gap with its infrastructure.
- 4) The firm should also analyse of the responses of the competitors if the service is introduced - should analyse the possibility of a competitor gaining the competitive edge by imitating the firm.

Finally the author suggests certain measures which would improve the investments of a firm made towards service. These suggestions include measuring the acceptable level of service, constantly monitoring the competitors, retaining the loyalty of current customers and enquiring new customers through services which are unique and describable.

"The credibility - chain"

Company manufacturing  
motors



Dealer



Original Equipment  
Manufacturer



Consultant  
(Specialist)



Project  
consultant



User organisation



Actual user of the  
product which incorporates  
the motor

## THE CREDIBILITY FACTOR IN INDUSTRIAL MARKETING

With consumer markets expanding as never before, consumer product marketers have realised the need for building up credibility around their products and services. This is reflected in their attempts to avoid product puffery, in making truthful claims about the products in advertising and in building up the goodwill of consumers. There could be a number of reasons which have made marketers realise the importance of building the credibility factor - brand proliferation in the market, huge potential available in the market, multi-product focus of a number of companies and increased awareness levels of consumers may be some of the reasons.

### Credibility and industrial marketing

In industrial marketing, pluralistic buying behaviour, technology and applications play a major role in acting as key buying influences apart from several other variables which may vary in degrees from one buying situation to another. There seems to be good scope to build-up the credibility factor in the present day context if a company is able to identify specific areas where this could be done. As industrial products are used in the manufacture of other products/services credibility factor built-up in the "marketer-buyer" chain of interactions will

organization). The "marketer-buyer" chain could consist of a number of stages and relationships and every stage and relationship is important in building up the credibility factor. The actual chain would depend on the nature of the product sold.

The "Credibility chain" (not just the "marketer-buyer" chain)

The diagram will give an idea of the typical stages and relationships that could arise between the marketer (marketing firm) and the buying organization. Motors could be considered as the product involved in the chain.

The specialist consultant may play a secondary role to the project consultant - in a thermal station a specific equipment may be designed by a specialist consultant in consultation with the project consultant. The OEM may be a manufacturer of any equipment which uses the motor and the user organization may be a **G**overnment undertaking which runs the thermal station. Besides many influences in the buying organization, there is the ultimate user who uses the product which houses the motor.

Possibility to build up the credibility factor:

The basic aspect that is to be noted in the "credibility-chain" is the possibility of reaching those influences which are beyond the traditional "seller-buyer" interaction. Traditional (though useful) theories on industrial buying behaviour focus on **the dyadic** relationship between the "seller-customer". If differentiation is to be brought in through the credibility

factor, a marketer could identify several stages and relationships in the "Credibility-chain" and analyse a host of factors (ranging from pre-sale services to after-sales services) and analyse the possibility of addressing those factors. This possibility may involve additional costs (manpower, information systems, diversity of needs from various customer segments etc) which will have to be worked out by a company. Companies which are strongly entrenched in their respective markets may have a bottom-line which may permit these costs. It should be considered as a investment as it serves two purposes.

- i) in the short-term it could be a "immediate" differentiation and it gives a pioneering lead to the company and
- ii) in the long-term the credibility factor itself develops the equity of the company in a rational manner.

Specific factors that could be identified:

i) Need identification:

The product-line offered by a company could either be standardised or be custom-built air-conditioner, motors, lifts data loggers, boilers are some examples for which a categorization could be made. In both the categories, the marketing personnel will have to carefully analyse the needs (especially when the buying firm does not have expertise in the product it is buying - doctors involved in the **purchase** of X-ray equipment). The onus is on the sales engineer to come up with a offering, which matches with the **usage** specifications for the product (not the technical specification).



In a product category like motor, the "credibility-chain" assumes special significance for the marketer. The dealer is the closest to the manufacturer in terms of transactions but unless the marketing personnel per-empt the importance of the specific application to the dealer, he would never know the application of the product (motor) he is selling to the original equipment manufacturer. Even if the company directly deals with the OEM, it would be worthwhile for the marketer to interact with the user organization on the application of the product. This process may involve interacting with several relationships (which cannot be by-passed in the process of reaching the end-user) but it ensures that need-identification is faultless. It would also convince the customer that his needs have been given utmost consideration.

ii) Warranty claims: Usually considered as a ritualistic element of the marketing mix, warranty management opens up propositions which can be very customer-oriented. Using the 'credibility chain' it is possible to restructure procedures and policies to offer solutions to several genuine problems the end-user has faced for the last several years. Apart from the legalities involved in warranty administration, it should be emphasized that there should be a system by which the end-user is able to quickly get his problems redressed without going through a procedure which would result in a delay (which in turn leads to a bad-word-of-mouth. There may only be a few companies which have made warranty "attractive" to buying organizations.

iii) After-sales-service: The alacrity with which after-sales-service is provided to the customer is a measure of how concerned the marketer is towards his customers. Most organizations today may have to create additional infrastructure if they are to respond quickly to the breakdown calls of "members" of the "credibility-chain". The consequences of an alternator failing in a captive power plant in a steel industry brings out the importance of after-sales service especially when the product is not supplied to the end-user. (It could have been sold to a diesel engine manufacturer or a company which has undertaken the project). In any case, the brand of the product is the focal point in this situation. Strategies based on "credibility-chain" could be vital.

iv) Response-time on the feedback: Customer feedback is almost a norm for any marketer in today's context. The credibility factor gets enhanced if the response-time involved in correcting a specific aspect (after feedback) is faster. As industrial marketing largely depends on segmentation based on applications, rectifying a design problem may be important to approach several customers who may have the same application. (In consumer markets sheer volume realised over a period of time may enable a manufacturer to even stop the production until the problem is fully solved) In industrial marketing there are fewer number of customers and a small percentage of any account for the major of the off-take. There are two implication of this aspect:

- a) Design changes may involve many "members" of the "credibility chain".
- b) If the response time is not quick, a member of chain could bring in a competitive brand for other customers having the same application. (The brand of motor may be replaced by the OEM or project consultant). When this happens the entire segment may be "closed" for the brand (even a temporary shift could result in lost orders).

The "credibility-chain" enhances the brand value in industrial marketing not just by developing a base of satisfied customers - it creates a base satisfied relationships which matter to customers.

#### CONCEPTUALING SERVICES IN INDUSTRIAL MARKETING

In today's marketing scenario, product and brand differentiation may be offered by studying various kinds of services which are associated with the core product. In fact, there is an attempt by marketers to view the products as services and analyse the value addition that could be brought in from the customer's viewpoint. Industrial marketing which has all along been operating either in a closed market or on a "technology platform" did not offer much scope for service strategies to be used as a differentiator in the total product offering. Today services in industrial marketing could be dealt with in a conceptual framework from which operational policies could be formulated.

### Structuring services:

Services in industrial marketing could be structured on the following lines:

(while the approach is equally applicable to consumer marketing, the approach takes into account the pluralistic nature of buying, the differences in pre-sales approach and related factors when it addresses industrial marketing).

- i) the nature of services expected in industrial marketing.
- ii) the relationships involved in such services.
- iii) the need and scope for customization in such services.
- iv) the nature of demand and supply for innovative services  
and
- v) the delivery of services.

### Nature of services:

It is essential to discuss how the nature of services in industrial marketing is different from that in consumer marketing. The differences are equally important for the other aspects of the framework.

Two **broad** stages could be identified pre-sale and post-sale services. In consumer products pre-sale could range from providing basic information about the product to probably the examination of "need-offering" fit. In durables the dealer can offer the support which is required by the customer in selecting a model from an array of TV models which best limits his need.

Even this is very rarely done at the retailing point. In industrial marketing especially in custom-built products, pre-sale services may have to be consultative in nature. A process control equipment may involve several parameters which are to be discussed at length before the order can be executed. Besides pre-sale services may involve a group of marketing personnel and a group of personnel from the end of the buying organization. (Examples could be equipments used in heat exchange applications and waste control management). Pre-sale services could involve calculation of life cycle running and maintenance costs, rate of return and other aspects and not just a negotiation of the final price. (Example of machinery brought for a large machine shop).

After-sale service in industrial marketing is not a "one-to-one" association as in consumer marketing. There may be instances where costs of after-sale services are considered by the buying organisation (during the pre-sale stage) to analyse, cost implications involved in choosing a specific brand, policies of the marketing organization and the policies of the buying organization (like annual maintenance contract, third party maintenance or authorised arrangements) are considered by both the organizations. (A company marketing copiers may develop after sales service packages for different segments of customers with varying usage levels).

Even with these two-broad categories, there could be other considerations like the extent of tangibility involved in service interactions. Another factor that could be considered with the tangibility factor is the extent of people-orientation these services offer.

People-orientation

High

Low

	* Appearance of marketing	* <b>Repair</b> on equipments
High	* Human interaction involved	* Safety in transporting the equipment
Observed		*Cost - benefit analysis
tangibility	* Impact on information provided on the pluralistic influences	* Legalities involved and insurance offered for major unexpected happenings.
Low	* Projection of corporate impage (impact made)	

These dimensions help the marketer to prepare himself for various kinds of service-interactions with the buying personnel. These may also help the marketer to devise competitive strategies on his strengths.

Relationships involved in services:

Industrial marketing generally offers a situation where long-term relationship is built with suppliers and customers. In providing services there may be **certain** relationships which may have to be nurtured on a continuing basis involving continuous interaction; some relationships may involve interactions at lesser frequency-**intervals**. The extent and frequency with which relationships are to be treated may vary over the product life itself.

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Time-orientation	Stage in the Product-life	Interaction involved in the service
Pre-sale phase	Pre-use	Initiator / decision-maker objective-persuasion
Initial after-sale phase	First phase of usage	Training the user, preventive maintenance aspects with maintenance personnel
"In-use" phase	Active usage	i) After-sale contract aspects with decision-maker ii) Routine maintenance with personnel.
Replacement phase	Decline stage in the life of product	Establishing past performance (interaction with several influences)

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## The need and scope for customization

Services in industrial marketing offer a lot of scope for customization. Even in the same product category of medical equipments (for use in hospitals) pre-sale service has to be customized based on the type of hospital, (whether it is specializing in any specific aspects) nature and diversity of services it is going to offer, the amount of investment, contemplated and the expected revenue in a period of time. Customisation of after sale service contracts in some product categories (as mentioned earlier) would benefit both the marketer and user, organization. If levels of usage is used as a parameter, the user benefits by spending money which is tune with the usage. The marketer benefits in terms of using the service team across geographical area, categorization of usual service problems, (which could help in the development of "expert-systems"), optimizing the down-time for the user, and development of standardised response times. However customization should take into account the following factors:

- i) type of product category
- ii) the extent to which customization is required in that category to achieve a competitive differentiation.
- iii) type of customer (a high-volume buyer - a large organization which by volume is a regular buyer of personal computers may require a distinctive type of customization especially in the light of potential offered on repeat-purchase).
- iv) infrastructural aspects of the company - too much of customization to ensure a high mark on customer



satisfaction may force a company to enlarge its capabilities beyond feasibility limits.

#### The nature of demand and supply for innovative services:

There may be services which could be thought of as "value-addition" to the total offering especially in categories where product differentiation is minimum. A company in such a product category may offer consulting services on inventory levels for any customer who may offer a specific volume off-take. While there may be scope for innovation with regard to such services, the marketer should take into consideration the demand for such "propositions" so that he could work out the feasibility of supply on such offerings. (Today, such services are a part of management consultancy and offering such services involve costs).

#### Delivery of services

This aspect deals with the distribution aspects involved in services and its impact on standardising the distribution. For example, how would the after-sales service be provided across the country. In consumer products generally dealers offer the channel. There may be situations in industrial marketing where the marketer may probably have a sales branch office in the region. Under such situations a firm should consider what would the number of service personnel required, locations, the degree of technical complexity involved in the product, calibre of service personnel etc. Even in the case of pre-sale services the company could plan a distribution structure based on the extent

to which information is required by the customer (direct mail may be used for just **brochures** personal calls may be required for basic discussion and fax or E-mail may be used where urgency is present). Apart from cost aspects a structured approach brings in a sense of "customer-orientation".

Managing services in industrial marketing may not be the contributing factor for success; new ideas and concepts could provide the "pioneering edge" for the marketer, as innovations are yet to be explored, in services.

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