

**A Study to Understand Customer Satisfaction for a
Promotion Plan at ABC*, Mumbai
a Cement Manufacturing Firm**

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Comment by the Faculty

Cement is one of the core industries and plays a vital role in the growth and development of a nation. Since it is a cyclical commodity, it has a high correlation to the GDP of a country. The cement industry of India is the second largest producer in the world. The production of cement has increased at a compound annual growth rate (CAGR) of 9.7 per cent. The main drivers of cement sales are the housing sector accounting for 67% of the total consumption followed by infrastructure accounting for 13% (Cement Industry in India, 2014).

ABC, for whom this study was carried out, is a player in the Indian cement industry. It has a wide product portfolio ranging from ordinary slag cement to ready mix concrete. ABC wished to understand what their customers felt about their promotion scheme and wanted to learn what more they could do to meet their customers' requirements. In particular, they wanted to learn about their K1 promotion scheme (explained later). Hence, this study was commissioned with the following objectives:

1. To understand the parameters considered by customers to select a vendor.
2. To study the level of customer satisfaction for the K1 promotion scheme.

The study involved a market research for which the company's Business Development Executives (BDEs), end users and others were interviewed. The respondents were from across various parts of Mumbai and a few surrounding rural areas like Thane, Raigad, Navi Mumbai etc. During the survey, the student had a chance to gain first-hand knowledge of the products of ABC and gauge the level of customer satisfaction for their promotion schemes. This has helped him to suggest to ABC the approach that they could use to ensure greater customer satisfaction and increase their business. The student has done a good job of applying his learning in class to a real world example and has demonstrated how theory can be put into practice. This study would be useful to the company in deciding on their future plans.

(*The name of the company and other details have been masked for reasons of confidentiality.)

Neetu Ganapathy

A Study to Understand Customer Satisfaction for a Promotion Plan at ABC, Mumbai - a Cement Manufacturing Firm

Introduction

The Indian cement industry is the 2nd largest market after China and accounts for 8% of the total global production. For the financial year 2012-13, it had a total capacity of about 347 million tonnes (MT). The industry has grown at a commendable rate in the last decade, registering a compounded growth of about 8%. However, this growth has slowed down owing to the slow down in the economy.

The housing sector is the biggest demand driver of cement and accounts for 67% of the total consumption. Infrastructure (13%), commercial construction (11%) and industrial construction (9%) are some of the other major consumers (Cement Sector Analysis Report, 2014). There are over a dozen major players in the Indian cement industry and the top three players are ACC, Ultratech Cement Ltd. and Ambuja Cement (Singh, 2013). Owing to the fact that cement is a freight intensive industry, the industry is divided into five main regions namely north, south, west, east and the central region.

Each of the players in the industry rolls out promotion schemes for their customers from time to time. ABC, where this study was carried out, wanted to understand how their customers perceived a scheme that they had floated. Via this study, the researcher attempts to find out the customer satisfaction levels for the K1 scheme at ABC. Based on the research and analysis a few suggestions are put forth which would be useful to ABC. In this paper, in the next few sections, the author elucidates the research methodology used and presents the findings and recommendations of the study.

Company Profile

ABC is a cement manufacturing company which provides a range of products that cater to different customer needs. The range includes Ordinary Slag Cement, White Cement, Ready Mix Concrete, building products and a host of other building solutions. The company has many subsidiaries in India and abroad. ABC's parent company is in the league of Fortune 500 companies. It employs a diverse workforce belonging to 33 different nationalities across 32 countries.

The K1 Promotion Scheme

The K1 scheme is a promotion plan started by ABC in December 2013 to promote the brand among ABC users and non-users. The basic agenda of the plan is to give incentives to the customers who are satisfying certain criteria put forth by ABC. To achieve this, the company has appointed 12 Business Development Executives (BDEs) who were promoted from ABC's Long Arm Sales Force team (LASF). These BDEs have immense experience and knowledge about the retailers, contactors/end users of the areas they attended to when they were a part of ABC's LASF team. They are aware of the potential input of the retailers in their area, their potential customers and the performance of ABC's competitors.

Methodology Adopted

For this study, the BDEs, contractors, non-contractors and the Call Center Executive (CCE) of the company were interviewed from across central and western parts of Mumbai and a few surrounding rural areas like Thane, Raigad, Navi Mumbai, Kalyan, Mira-Bhayandar and Dahanu. The sample size varied for each of these groups: 12 BDEs, one call centre executive and 73 end users.

For the purpose of data collection, a questionnaire was designed based on the research objectives. The questionnaire contained open ended questions, which for the purpose of the analysis have been divided into 3 parts, which represent different dimensions of the study, as shown below:

- Part 1: The working of the BDEs, their experience with customers and the problems faced by them
- Part 2: Parameters considered for selecting a vendor
- Part 3: Level of customer satisfaction for the K1 promotion scheme

The data was collected from BDEs, call center executive and contractors. Of the 73 contractors contacted, 30 satisfactory responses were obtained which were useful for further analysis. The data thus collected was analyzed using Microsoft® Excel.

Findings

The Major Findings from the Research are Described Below in Detail.

1 Business Development Executives (BDEs)

BDEs are responsible for maintaining information flow between the Customer Service Executive, the contractors and the retailers. ABC has 12 BDEs in total who have designated areas which they are supposed to monitor. The company has a fortnightly meeting where all the issues are discussed and solutions are presented in the end. Some of the findings that emerged are presented below.

a) General:

Questions in this category were asked for general purposes. These questions had no impact on the customer service aspect but helped understand the sources of data through which BDEs get the necessary information to keep track of the end users. BDEs were asked where they got information regarding retailers who do not use ABC cement.

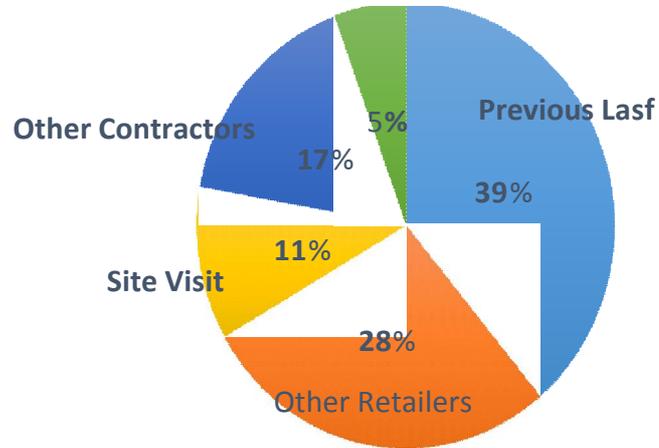


Fig. 1: From where do you get the information regarding retailers who are not using ABC cement?

As shown in Figure 1, majority of the BDEs (39%) said that they have information about non-ABC users based on their past experiences as LASFs.

Thus the major chunk of information comes from the BDEs themselves, i.e. via their previous LASF experience, followed by other retailers who have information regarding customers.

b) Primary Concern : Purchasing Decision the next question was aimed at understanding the primary concern of the end users when they buy cement so that the company is able to understand the aspects on which they can leverage upon, be it monetary or qualitative such as the brand name, the quality of the cement, customer-friendly staff etc.



Fig 2 : What's the contractor's primary concern when it comes to purchasing cement?

As shown in Figure 2, 75% of the BDEs said that the main concern for contractors when it comes to purchasing cement is qualitative. Evidently, the biggest concern for the end users is quality since the house owners always insist on good quality cement.

c) Reason for Purchase:

As seen in Table 1, the reasons why contractors or non-contractors and retailers purchase ABC Cement is shown. The first column contains the BDE who was interviewed. This is the BDE's perspective on why different customers purchase ABC Cement.

Table 1 – Table showing BDE Id, and the reason for ABC purchase given by Contractors, Non-Contractors and Retailers

BDE Id	Contractors	Retailers	Non Contractors
BDE – 1	Setting Time	Credit Policies	-
BDE – 2	Setting Time	Rate, Credit Period, Sales promotion scheme bifurcation, bonus earnings per bag	
BDE – 3	Setting Time	Credit period, Rate, delivery Time	-
BDE – 4	Cost, Setting Time	-	-
BDE – 5	Color of Cement	Discount, Rate	-
BDE – 6	Setting Time	Delivery Time	-
BDE – 7	Setting Time	Cost, Credit Policies	-
BDE – 8	Quality and Setting Time.	Rate	Brand Name, Benefits
BDE – 9	Setting Time	Rate, Credit Period	-
BDE – 10	Setting Time	Cost, Credit Policies/Period, Rates	-
BDE – 11	Setting Time	Cost, Credit Policies	-
BDE – 12	Can range from setting time to quality, quality being the key factor		

It is safe to conclude that criteria like the setting time is something that is really important when it comes to contractors. On the other hand, non-contractors preferred aspects like delivery time, discount and basic cost of the cement while retailers found the credit policies to be more important.

d) Customer Service Model

ABC cement wanted to determine how the BDEs were reaching out to the customers and if this could be improved. The study revealed that the Contractors call the BDEs whenever there is need for cement. The call centre executive will also provide information regarding the requirement of cement through their call-list network. The BDEs then report the need to the retailer and the dealer. It was noted that earlier the network was limited to the dealer and the retailer but lately contractors also play a major role in this system.

The BDE must gain the trust of the dealers, the retailer and the contractor in order for an order to work out smoothly. He needs to gain the confidence of the retailer as he might question whether the order will be genuine (if it's a major quantity) and whether the contractor may back out. The same needs to be done with the dealer as well.

II End Users (Contractors and Non-Contractors)

Customer Satisfaction:

Several questions were asked of the contractors and non-contractors to determine the level of customer satisfaction.

a) When asked what their views were on the promotion scheme, 24 of them said they were happy while 6 of them did not seem to have a view and were hence indifferent as shown in figure 3. No one indicated that they were unhappy about the promotion scheme.

Indifferent

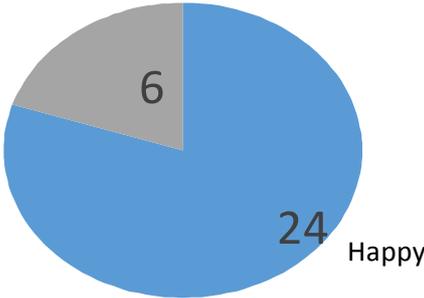


Fig 3 Views regarding the scheme

b) When asked if they were happy with the efforts put in by the BDEs to help them, majority of them were happy as shown in figure 4 below.

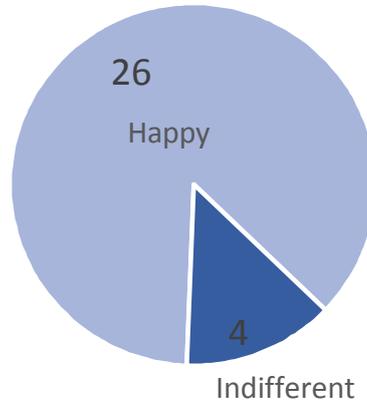


Fig 4 - Are you happy with the effort put in by the BDEs to help you?

Results : As seen in Figure 4, 26 contractors were happy the way the BDEs were functioning. Four seemed indifferent and actually didn't bother to acknowledge the effort put in by the BDEs or were not impressed or didn't have an opinion. Nobody seemed to be unhappy. Thus, it was possible to conclude that the BDEs work is being appreciated and liked by the end users. This also helps the company to decide whether they should have BDEs at all.

c) Next, the company wanted to know if customers had any suggestions for improving the scheme and the results are shown in figure 5 below.

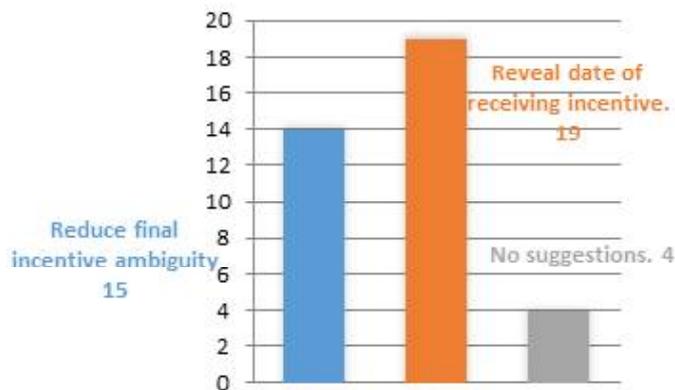


Fig 5 - Suggestions

Results: As per the findings, 19 contractors felt that the company should reveal when the customers would be getting the incentives and reduce the time taken to pay the incentives. Fifteen contractors felt that the company should be less ambiguous on what they would be giving in the form of incentives to the customers. Six seemed to be indifferent and did not have any suggestions.

This helped the researcher to conclude that in addition to informing customers about the time of payment of incentives, they should also be told what they would be given. The customers wanted to know what the incentive would be and how they could work towards it. This shows that the company really needs to step up and disclose certain aspects which can create a make-or-break situation for the scheme.

- d) The next question was aimed at finding out if customers concur with the threshold limit set by the company to be eligible to enroll for the promotion plan. ABC had set the eligibility limit at 200 bags. The results showed that 27 of the contractors were ok with this limit. Three of them felt that the limit could be reduced to the range of 150-200 bags. Thus, it was concluded that the limit could be retained.
- e) Asked about the availability of ABC cement in their area when needed, the customers responses showed that 70% of the customers reported that the products are always available and the remaining 30% reported that the products were unavailable at times as shown in figure 6. Availability issues always arise and many a times are not looked at thoroughly.

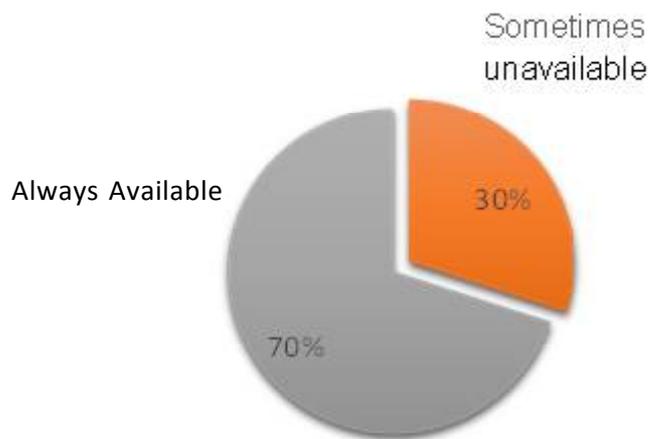


Figure 6 – Availability of ABC Products

The 30% said they faced availability issues once or twice but not frequently. Nobody said they face very frequent availability issues. This points to the fact that the reasons why cement is not available at times needs to be examined carefully and improved upon.

- f) ABC had recently started to have regular meetings with the customers to give them a feeling that the company cares for them. This was based on the inputs received from various sources that rival companies were doing the same. ABC wanted to know if customers would like to attend the meetings or would like BDEs to visit them personally.

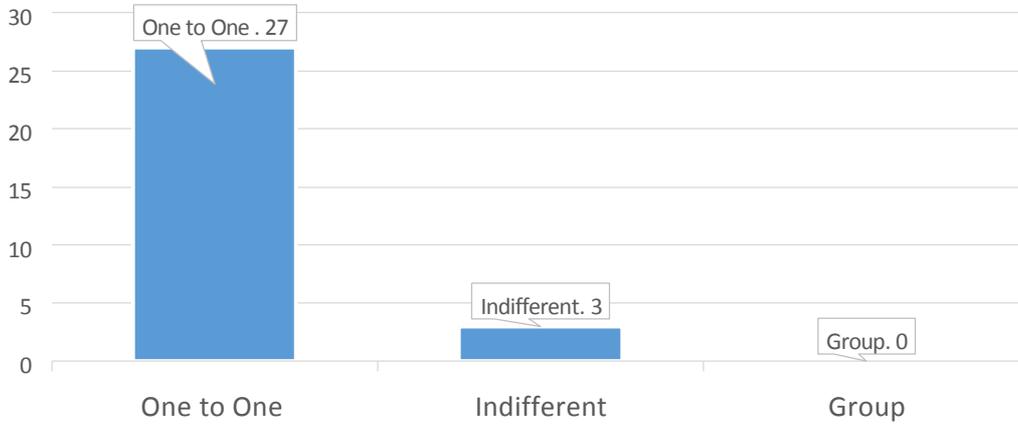


Fig 7 : Would you like to attend regular group meetings regarding the K1 scheme or would you like the BDEs to meet you regularly personally?

Results : As seen above in figure 7, 27 contractors said that they are happy with the current one on one BDE-contractor meeting and would want the company to continue it. Three were indifferent and nobody preferred group interaction. ABC’s new, more personal, interaction technique was appreciated by the customers and they should continue the same.

g) Gifts have always been a topic of discussion when it came to customer satisfaction. ABC did not have a lot of gifts options for their customers. So they wanted to find out from the customers what they would want as gifts. Unfortunately, the customers never opened up as much as the company would have liked them to.

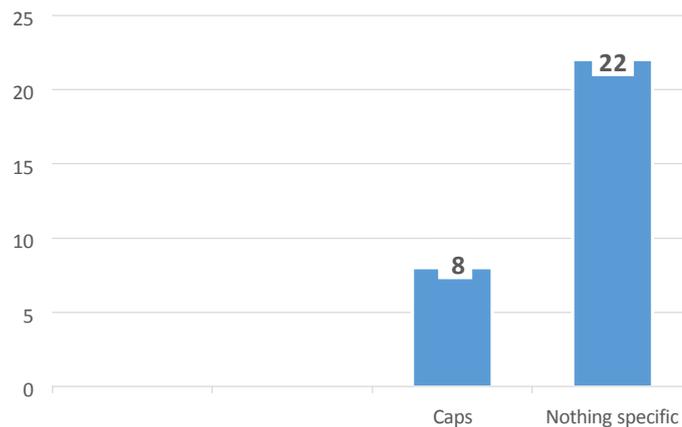


Fig 8 : Gifts expected when BDEs visit

Results : As seen in figure 8, this question was asked because the BDEs mentioned that the contractors expect some gifts whenever the BDEs visit. Unfortunately, not many wanted to share this data when called upon. Only 8 contractors responded and they all said caps would be a good choice. The BDEs could find out more from the customers by finding out their needs.

III Call Centre Executive

The CCE was interviewed with the aim of understanding the frequent customer complaints, their likings and how the communication took place between the BDEs and the end users. The following facts emerged from the interview:

- The end users had generally positive reviews about the cement. They were happy with the information provided by the BDEs.
- All the information is forwarded to BDEs. BDEs then communicate with the technical staff and the matter is discussed and a solution found.
- The retailers wanted better credit policies, and were happy because of the information given by BDEs regarding cement setting time.
- The customers who were using a cement of another brand indicated that they use cement of other brands because of many reasons like credit limit issues, prolonged use of other brands.

Qualitative Data Acquired from the Survey

Along with the plethora of quantitative data received, there were many aspects that were qualitative in nature, like:

- Many contractors had stopped using the K1 passbook which was to contain the details of purchase. One of the reasons being that they weren't sure whether the extra effort of entering data was worth it. They wanted to know more about the promotion plan in terms of when they will be getting their incentives and/or what is it going to be.
- A black layer complaint kept coming up frequently. One contractor even mentioned that the presence of black layer is stereotypical of 'koyla' (coal) mixed in the cement, which is not an issue for people who know it wouldn't make a difference, but for people who are uneducated, this is a make or break criteria. If contractors who are unaware of this can be educated in rural areas, there may be some difference in their perception, thus increasing sales.
- Contractors mentioned a unique problem in terms of availability. They said that they are willing to buy ABC cement regularly. Unfortunately, the retailers are not buying enough cement because the discount rate is higher for other brands. This makes it difficult for ABC's loyal users and sometimes they go for Ambuja or ACC to cover up their requirement.
- Although most of the contractors didn't want to answer the questions about what gifts they'd prefer, it was clear that they were happy with what other companies provide, like watering cans, helmets, raincoats, etc.

Conclusion

After gathering the data and analyzing it and from the overall information acquired about the industry, it is clear that the competition in the Indian cement industry is stiff. Every other big player in the market is coming up with attractive schemes to acquire other players' customers. ABC needs to gear up a little to keep their customers. Although their plan seems foolproof, there are still many ways in which it can be improved. The flaws which came out after nearly 6 months of the launch of the scheme can be heavily leveraged upon and an overall 360 degree improvement on the scheme can bring about lots of changes in the speed at which the company is getting new customers.

On the whole, from the qualitative and quantitative data acquired, the company is going in the right direction. ABC needs to bring about certain changes to set their new initiative straight and bring about some vital improvements in their business development outlay. The scheme is definitely one of the best plans to attract new customers and no other company is doing it with the same amount of dedication and seriousness than U Cem. Through this survey it is clear that customer engagement goes a long way and a scheme of this magnitude may attract a lot of new customers. Some changes regarding the scheme's ambiguous clauses needs to be clarified. The customers seemed to be happy about ABC's new plan and are hoping for more and better changes in future.

Recommendations

Based on the qualitative and quantitative data gathered, the company should take the following steps:

Improving Customer Service Quality

- BDEs could be given better gifts whenever they go to visit the contractors. Contractor – Company relationship starts with the BDE and facilitating that would only be possible with the addition of good sensible gifts. Caps were already mentioned and something that is given. For the rainy season, something as simple as a raincoat or a watering can for the onsite workers can be useful.
- Educate the rural contractors about cement. The 'koyla' problem needs to be solved so that the perspective changes. This could improve sales massively.
- An availability check based on belt-wise retailer distribution needs to be done to ensure that the retailers are keeping adequate amount of cement in store. Although the BDEs do put in effort to keep the stock in check, a more stringent method needs to be applied, since there were complaints about unavailability of cement.
- Handling of bags could be improved since there were complaints regarding wastage of cement due to improper handling since the hooks penetrated the bags. The suggestion would be rings around the edge which could leverage the action of lifting in the favor of the bags.

Increase Brand Awareness

Group meetings could be introduced among the contractors so that they are able to interact with each other. The system of individual meetings should be kept as it is now, and the pattern in which the BDEs meet the customers should not change.

Increase Promotion Plan Awareness

There were complaints about ambiguity when it came to the time of receiving the incentive and what the incentive would be itself. There needs to be some more awareness regarding this matter so that the contractors do not feel that their time is being wasted because of the ambiguity.

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