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## Challenges and gaps faced by consumers in the Extended Warranty segment

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### Mismatch between Customer Expectation & Service Delivery

No one likes their digital life to be disrupted, and every now and then when it does, one has to take leave from work, suffer for repairs and foot the bill. Even after several calls to the service center or home visits by a local repairman, there's no guarantee when an expensive **smartphone** will get fixed or an AC's spare part will become available. People also have no control over the repair quality or costs. A prospect has to scroll through countless online forums to check for service issues before buying the latest gadget.

### Role of Retailers and Brands

Consumer behavior is changing and we see that more people are going for a trouble-free experience of device ownership. There are different types of protection plans and on-demand services available in the market. After purchasing a device or appliance, one can buy a protection plan that can be an extended warranty, damage protection plan or an annual maintenance contract. These are available both in electronic stores and marketplaces.

We see that up to four out of 10 customers walking into a large format store today opt for a protection plan. Such retail chains are not just able to drive loyalty and lifetime customer value, but also realize up to 35 percent of their gross profits from the aftermarket. OEMs have also hopped onto the service bandwagon with similar plans but their core focus continues to be on product launches and sales.

### Role of Service Providers

So what happens when a customer rings the service bell? For any repair journey, there are a large number of things that need to go right for the customer to have a good experience. Take any one of them out and the service delivery falters. The two key drivers of customer experience are repair TATs, and repair quality while operational metrics like repair TATs, re-open-rate etc. are tracked, leading service providers look at the ultimate indicators of service quality i.e. Customer Satisfaction scores and Net Promoter scores.

### The Role of Technology in Service Delivery

The customer journey in this industry is complex, with a number of handshakes happening between the retailer, the service provider, the service partner and the OEM or the brand. Investment in technology and automation has led to reduction of process TATs and higher efficiency in the service delivery process.

Service providers who are adopting technologies like artificial intelligence and machine learning are changing things fast. For instance, today auto-approval engines process customer requests in less than a second, which otherwise took several days a few years ago. Ticket allocation engines enable instant allocation of service requests to the right service agents, basis the agent's vicinity and performance history. Last mile viability of service delivery by technicians is made possible nowadays by integrated CRMs and mobile apps. Data also has a huge role to play in empowering providers to preempt failures and take corrective action, even before the customer gets a chance to complain. Technology, thus, is the biggest enabler in making the customer experience a seamless and hassle-free affair.

### Voice of Customer

Many gaps and challenges in service delivery can be understood from a robust customer feedback program. Real-time feedback and insights from the field can be used to fix broken or incomplete processes, choose the right service partners and train people about trending customer concerns.

There are close to 1 million monthly online searches today just for smartphone repairs. Combining all electronic categories, there is a big opportunity to change a highly fragmented industry where the customer experience is largely broken. The only way to build a brand in this industry is by delivering experiences that customers want to have.

The article is written by [Kunal Mahipal](#), CEO Onisigo

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