

Why After-sales Services is a Driver of Customer Retention and Loyalty for Electronic Stores

Customer's expectations from electronics have also grown faster and top brands are continuously innovating to bring out new features with each launch

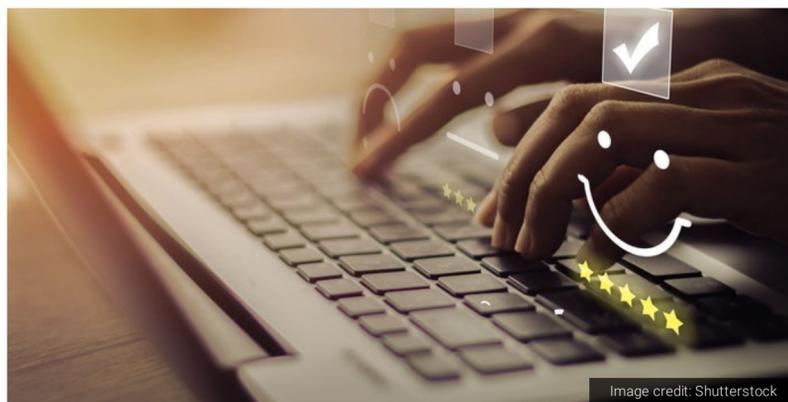

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July 12, 2019 3 min read

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Advances in electronic technology will continue and perhaps even outpace developments since 2007 when the introduction of the iPhone gave rise to the handheld smartphone revolution. The first successful Smartphone had 128 MB of RAM and 4 GB of storage. Today all budget phones have RAM that exceeds storage found on the first Smartphone.

Features and specifications of all electronic devices have changed dramatically. New devices have faster processors, more RAM and storage, radically better cameras, and much more that makes old devices antediluvian. Customers can do considerably more with new devices than they could with older ones. The possibilities seem endless, and they are.

Customer's expectations from electronics have also grown faster and top brands are continuously innovating to bring out new features with each launch. Besides being driven by customer's expectations, advances in electronics are driven by need as well. More powerful and intuitive software can only run on sufficiently powerful hardware. There is enough evidence today to prove that technology is growing ever more sophisticated.

What Customers Value

Customers today expect the store or online marketplace to add value not just to their buying journey but also their post-purchase journey. They expect the right pricing and assortment and also enough information that helps them make the right decision. Increasingly, customers are also asking for repair and maintenance services that are required to keep devices and appliances running in good condition.

With stiff competition on pricing in both online and offline markets, more and more businesses are trying to differentiate their offerings by providing a range of after-sales services.

Quantifying the Value of Service

According to a PricewaterhouseCoopers report, businesses globally earn 24per cent of their revenue and 45per cent of gross profit from the aftermarket. In India, the aftermarket is not yet adequately leveraged, but things are changing. Companies which provide protection plans, directly contribute up to 35per cent of overall gross profit of its' partner retailers. Hence businesses that provide exceptional customer support have an opportunity to leverage the potential of the aftermarket.

Also, customers satisfied with both their buying and user experience are more likely to approach the same retailer for another purchase in future. Not just that, repeat customers are also likely to spend more on subsequent visits. According to Harvard Business Review customers that have the best past experiences are likely to spend 140per cent more on subsequent visits than customers who have had substandard experiences.

Services that Generate Valuable Data

Sellers can benefit from customer expectations and feedback. For instance, every service interaction presents the seller an opportunity to collect valuable data. Such data can be mined to extract insights that can help design the right experience. Retailers can also use this data to tailor their assortment and create a feedback loop with service providers and OEMs. Customer feedback when analyzed can be used to understand what if anything is bringing customers back or keeping them away.

Popular Products in the Market

Protection plans like Extended Warranty, Mobile Insurance, Screen Protection, Damage Protection and Annual Maintenance Contracts (AMCs) are widely available at many electronics stores.

Business owners and retailers should evaluate a service provider's service proposition, brands covered, geographical coverage, service TATs and customer satisfaction scores before going ahead with a partnership.

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