5.1 Introduction

Value Chain Analysis (VCA) (figure 5.1) is a template a firm use to understand its cost position and to identify the multiple means that might be used to facilitate the implementation of its business level and corporate level strategies. From TCM's point of view, VCA can be used to identify the activities involved in its operations and come up with better suggestions and opinions on its business and marketing strategies.

5.2 Value Chain Analysis – An Overview on TCM’s VCA

Below are the activities in TCM which are basically divided into primary and support (secondary) activities. These two activities are critically important for TCM to create sustainable competitive advantage – superior customer service care and excellence.

5.2.1 TCM’s Value Chain - Primary Activities

(a) Inbound Logistics

Inbound logistics activities include the handling of parts and components for TCM’s manufacturing/assembling plant. For example, parts are transported into TCM’s main plant in Segambut by ships and lorries. TCM has also ventured into vertical integration by establishing their own manufacturing concern in parts and components through its subsidiary, APM (Auto Parts Malaysia).

The inbound logistics has the potential of creating value in terms of lower shipment and inventory cost, better quality from improved warehousing and shorter lead time in developing new products. This could be achieved partly through developing strategic alliances with the parts suppliers and effective supplies management. A more coordinated and better inventory control will result in improved delivery of customer service to TCM’s customers. This is because an effective inventory control ensures availability of parts and components, stock control, out of stocks situation and hence reduce customer waiting time and queuing line.

(b) Operations

Some examples of operation activities of TCM are the assembling of the parts/ components provided by its inbound logistics and the maintenance of its machines and equipment used in its manufacturing. Service operation refers to the assembly of inputs such as service workshop equipment and labour to produce services that are consumed by customers. The service operation is also one of the identified main operations in TCM.
Efficient assembling activities create values by bringing down operating and Work In Progress inventory costs. Furthermore, it has the potential to enhance product quality and to maintain a high level of production flexibility that enable TCM the speed and efficiency in capturing the emerging market potential effectively. JIT (Just-In-Time) management is a good example of how value could be created at the assembly stage. Improvement in the operation of service delivery in this area will also help to create value for customers in TCM by providing quality service at a competitive cost.

(c) Outbound Logistics
TCM has 48 branches/showrooms to display, sell and facilitate delivery of Nissan vehicles to the end customers.

Outbound logistics has the potential of enhancing the value of Nissan products by providing logistical conveniences for the customers to take delivery of their new cars. In addition, outbound logistics should also be considered as part of the service delivery system to create more value to customers and hence better customer service and care. In the case of automotive, outbound logistics involves customers personally. As such, it adds value by allowing customers a personal experience that leads to the formation of a better perception of customer service in the eyes of the customers.

(d) Marketing and Sales
TCM’s marketing and sales department consists of about 450 personnel who are responsible in carrying out activities related to push versus pull strategies. These activities are carried out by its subsidiary, ETCM (Edaran Tan Chong Motor).

The marketing communication enhances Nissan product image as well as TCM corporate image. Value created by an effective marketing and sales activity is various. This activity places Nissan’s products into customers’ shopping list and launches the right product for the right market. Furthermore,
part of the marketing activities is market forecasting and accurate forecast is essential for short and long terms business planning. A strategic marketing and sales is critical to determine the success of the overall business operation of TCM.

Finally, this activity is considered an integral part to be coordinated into TCM customer service delivery system. Various positioning and service concepts need to be communicated to different segments of customers in the service delivery. It is important for TCM to differentiate the service from its competitors using this sales and marketing strategies and hence to create value to their customers.

(e) Service

TCM has a range of service-related activities which are implemented by both TCM sales and EAS (Express Auto Service, another subsidiary of TCM that involves in providing after sales maintenance and repair services). These service strategies are implemented in the pre-sales, at the point of sales and after sales to the customers.

In the pre-sales stage, TCM provides services to facilitate customers' information search before deciding on which model to purchase. At the point of sales, sales service facilitates customer purchase decision. In the post sales stage, services pro-long the life span of Nissan products, enhances product's reliability and durability and induces repeat sales and customers' loyalty. This research project has in fact suggested service to be taken as one dimension with which TCM could create strategic competitiveness and enhances the value of the total product. Service should be considered as part of the product (vehicles) TCM offers to customers and therefore could be used as a competitive advantage and hence creates value for its customers.
5.2.2 Support activities

(a) Procurement

The procurement of TCM is decentralized to increase flexibility in the procurement processes. The assembly, sales and after sales have their respective procurement department and headed by the Procurement Manager who is fully responsible for purchasing of raw materials, parts and components, supplies as well as fixed assets which include machinery, office equipment and buildings.

Strategic procurement development and management of the suppliers’ network to leverage value over cost while maintaining certain level of product quality. An effective and efficient procurement management enhances the service delivery as to minimize mistakes not only in stocks turnover but the procurement of other related service items like service equipment and furniture that facilitates service delivery. Without all these activities and proper maintenance, quality of service will certainly be compromised.

(b) Technological Development

In TCM, technological development involves activities to improve not only the company’s product and the processes used to manufacture the vehicles but also in TCM’s service delivery system. In addition, process equipment, design, basic research and product design to a certain degree, and even servicing procedures need to be continuously upgraded.

Technological development in the area of information management offers huge potential in creating value. Effective information management enhances internal communication to enable a cohesive management and therefore better operational effectiveness and efficiency. In the case of EAS, information technology plays an important role in determining the quality of services provided. Computerization and effective information management system integrate information and facilitate communication among various departments that make prompt services to customers possible. On the other
hand, EAS personnel benefit from the system through the sharing of information and knowledge in a manner so as to enable accurate diagnosis and better repair quality.

(c) Human Resource Management
Activities involved recruiting, hiring, training, developing and compensating of all personnel are carried by the Human Resource Manager who reports directly to the General Manager of Administration.

Strategic Human Resources management creates value by attracting and retaining the best talents within the company especially for the company service delivery. The role of Human Resources is evolving from a supportive to a strategic role particularly in a rapid changing business environment. As services generally involve human contact, human resources is therefore a critical success factor in making service as the basis of building competitiveness. Automotive companies such as Toyota strongly believe in the value of Human Resources in creating a better service delivery. It is considered right now as primary value creating activities because service basically depends on its providers, the human elements.

(d) Firm Infrastructure
Firm infrastructure of TCM includes activities such as general management, planning, finance, accounting, legal support and government relations that are required to support the work of the whole value chain in delivering superior services to the customers. In addition, TCM's physical firm infrastructure includes its showrooms, service equipment and facilities, furniture and fittings, plant and machinery. In the case of EAS, infrastructure such as machinery and equipment used in repair and service of vehicles influence customer perception of the repair quality provided by the company.

Infrastructure is the bonding factors that integrate all other value creating activities to enable a cohesive management for the success of any business and service strategy. In TCM, the firm's infrastructure is particularly important
in supporting the service delivery system. All these elements need to be integrated and coordinated to support the service vision created and hence to enhance value and quality of service delivered to customers.

5.3 Value Chain Analysis – A Comparative Analysis on Pre-sales Activities

(a) Inbound Logistics
In Nissan, the lead time between placing a CKD order with Nissan Motor Limited, Japan (NML) and the arrival of the CKD packs at Klang port takes an average of 2.75 months - three weeks for order processing by NML and eight weeks for the shipping of CKD from Port Nagoya to Port Klang. However, Toyota’s lead time averaging 2.5 months, one week shorter than that of TCM. This is possible due to the efficiency of its parent company in Japan.

The shorter lead-time is important to the flexibility of supply management. UMW Toyota could make order changes 2.5 months before CKD arrival while TCM has to inform NML of any changes 2.75 months in advance. In the current situation where market changes rapidly, flexibility is critical for the survival of a company. The longer lead-time implies higher capital tie-up in the CKD inventory and higher operating cost in terms of financial interest payment.

Apart from CKD parts, the automotive industry depends on the local supplier chain for items that comes under the Local Content Policy. TCM currently has a network of 120 local suppliers while Toyota is reported to have a network of more than 135 suppliers in the first quarter of 1997. The wider networking of Toyota is the results of Toyota’s effort in introducing competition among the suppliers in order to capture the opportunities of creating value from creating a network of competitive suppliers. However, Mr. Micheal Lim, the CEO of Toyota, has shared his concern on the competitiveness of the existing local suppliers with us during an interview in his office. Local suppliers networking is one crucial link to world competitiveness of local automotive assembling.
companies. However, the value creation is limited due to the lack of competitiveness arising from the low technology adoption and production volume. Mr. Loke Kuan Chong, the Director of TCMA (Tan Chong Motor Assembling Sdn. Bhd), also shares this concern.

In conclusion, TCM’s inbound logistics is rated as slightly inferior to Toyota. TCM has limited flexibility in the inbound logistics lead-time, higher operating cost and therefore lower financial liquidity. Evidently, there is limited afford from TCM in developing a strategic and long-term partnership with the local suppliers.

(b) Operations
The assembling activities create value by producing product with quality that is superior to the competitors. Product quality could be measured by counting the number of defects found per 100 units of vehicles (TGW per 100 units). As shown in Table 5.1, in 1996, TGW for Nissan was 163 as compared to 121 for Toyota. The industrial average was 165. Honda has the best product quality with 119 TGW whereas Mitsubishi has the worst scores of 240.
Table 5.1

TGW per 100 Units of Vehicles (1996)

<table>
<thead>
<tr>
<th>Makes</th>
<th>TGW per 100 units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nissan</td>
<td>163</td>
</tr>
<tr>
<td>Toyota</td>
<td>121</td>
</tr>
<tr>
<td>Honda</td>
<td>119</td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>240</td>
</tr>
<tr>
<td>Proton</td>
<td>198</td>
</tr>
<tr>
<td>Mazda</td>
<td>178</td>
</tr>
<tr>
<td>Daihatsu</td>
<td>182</td>
</tr>
<tr>
<td>Ford</td>
<td>205</td>
</tr>
</tbody>
</table>

Source: Customer Satisfaction Survey (CSI), 1996.
Note: Further details of the survey could be found in Chapter 7.

Apart from the quality, the productivity of TCM assembling has been trailing behind Toyota. In TCM, it takes 4.5 days to complete the process of CKD unpacking, assembling and QC check while Toyota takes only 4 days to complete the same process. The lower productivity of TCM is attributed mainly to the low technology adoption and equipment upgrading.

In 1996, Assembly Service Sdn. Bhd. (ASSB), the assembly plant of Toyota announced its RM140 millions investment to modernize and increase the production capacities. The Toyota Production System (TPS) is being adopted to make ASSB a world class manufacturing company as part of Toyota's strategy in building up competitiveness for the regional and international trade market. This is going to be critical especially when trade within the region is expected to be liberalized by the year 2006. The TPS strives to create competitive advantage in quality, cost and efficiency of its manufacturing capability. On the contrary, TCM's budget allocation for the past five years in production capacities upgrading was less than RM100 million.
(c) Marketing and Sales

TCM creates great value by pulling customers to the showroom through its product and corporate advertisements in the electronic, print and outdoor media. Three of TCM’s product advertisements were awarded the Best TV Commercial of the Year for three consecutive years from 1996 to 1998. In 1997, TCM spend the most advertising expenditure in the industry with a total of RM6.986 million (Table 5.2). The expenditure reflects the willingness of the management in investing in marketing communication.

Table 5.2

Competitive Advertising Expenditure (ADEX) Report 1996
(Top Ten Brands)

<table>
<thead>
<tr>
<th>No</th>
<th>Brand</th>
<th>RM’000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Nissan</td>
<td>6986</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>Proton</td>
<td>6812</td>
<td>13</td>
</tr>
<tr>
<td>3</td>
<td>Perodua</td>
<td>6181</td>
<td>12</td>
</tr>
<tr>
<td>4</td>
<td>Toyota</td>
<td>5830</td>
<td>11</td>
</tr>
<tr>
<td>5</td>
<td>Volvo</td>
<td>3380</td>
<td>7</td>
</tr>
<tr>
<td>6</td>
<td>Audi</td>
<td>3081</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>BMW</td>
<td>1936</td>
<td>4</td>
</tr>
<tr>
<td>8</td>
<td>Honda</td>
<td>1865</td>
<td>4</td>
</tr>
<tr>
<td>9</td>
<td>Volkswagen</td>
<td>1780</td>
<td>4</td>
</tr>
<tr>
<td>10</td>
<td>Alfa Romeo</td>
<td>1720</td>
<td>4</td>
</tr>
<tr>
<td>11</td>
<td>Others</td>
<td>11181</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>20752</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey Research Malaysia

However, the focus of TCM’s advertising expenditure for the past few years has been on product image and selling points but not in the accompanying services.
In relation to service quality, it is found that service has a high level of intangibility to the extent that customers often feel uncertain as to what to expect and how to measure quality. For example, not many of us can come to the conclusion that TCM’s customer service is inferior until Toyota conducted a free seminar on vehicles maintenance and TCM has not. As such, informing customers explicitly through external communication enable the recognition of a quality service; the idea is to establish service standards. It is only when quality standards are clearly established that good judgement and evaluation could be made. For example, an advertisement that announced “You could expect your oil change to be completed within 10 minutes in EAS.” educates the customers that 10 minutes is a reasonable expectation as far as oil change is concerned. In addition to educating customers on quality expectation, external communication is imperative as an external pressure onto the internal service providers to put customer service quality on check.

Furthermore, effective marketing communication of service must reflect the five dimensions of quality of service that includes (1) reliability (2) responsiveness (3) assurance (4) empathy (5) tangible. However, TCM’s external marketing is found to be not communicating along these quality dimensions. Furthermore, TCM has been less aggressive as compared to Toyota in the external communication of customer service.

In 1990, TCM launched the “You Come First” customer service quality campaign and that was the only external advertising on customer service until today (details of the campaign could be found in Chapter 6). In the case of Toyota, the management has invested in corporate advertising partly through the publication of “Toyota World” editorial in all major newspapers. The “Toyota World” highlight added value to customer by organizing activities such as Toyota Classics orchestras, free admission to the Orchestras for Toyota owners, treasure hunts, customer car maintenance workshops, etc. The editorial also includes announcement of investment in upgrading capacities that enable improved customers service such as the upgrading of computer
capacity in customer database management and information technology in vehicles' repair and service. It is noted that backroom activities were often highlighted as the tangible clues to Toyota's effort in providing reliable services to its customers.

5.4 Value Chain Analysis – A Comparative Analysis on the Point of Sales Activities.

In search for product information before making purchase decision, customers walk into a Nissan showroom for a closer look at the actual vehicles that they are interested in and take the opportunity to consult the sales people for further information. As such, the primary value adding activities at this stage involves information dissemination – reliable information delivered in a tone and manner that induce purchase intention and assist customers in making purchase decision.

Traditionally, there are several approaches to meet customers' information needs. These approaches include providing sales brochures, viewing of showroom display units, listening to the explanation by salesman and having test-drive sessions. Of these approaches, explanation by the salesman created the most value. Salesman has the advantage of tailoring product presentation to suit the preference of different customers. Furthermore, sales presentation by salesman is an effective form of two-way communication with customers. The salesman concern could gauge and gather feedback from customers on the services provided.

Understanding the value creating potential of the sales branches, TCM places great emphasis on establishing an extensive sales networking. Table 5.3 shows the showroom coverage for TCM as against its competitors.
Table 5.3

Sales Network of Malaysian Automobile Companies as at 1st July 1998.

<table>
<thead>
<tr>
<th>Makes</th>
<th>Branch Network</th>
<th></th>
<th></th>
<th>Dealers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>West Malaysia</td>
<td>East</td>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nissan</td>
<td>35</td>
<td>8</td>
<td>43</td>
<td>21</td>
<td>64</td>
</tr>
<tr>
<td>Toyota</td>
<td>28</td>
<td>10</td>
<td>38</td>
<td>21</td>
<td>60</td>
</tr>
<tr>
<td>Honda</td>
<td>11</td>
<td>1</td>
<td>12</td>
<td>32</td>
<td>44</td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>11</td>
<td>0</td>
<td>11</td>
<td>62</td>
<td>73</td>
</tr>
<tr>
<td>EON</td>
<td>43</td>
<td>11</td>
<td>54</td>
<td>104</td>
<td>158</td>
</tr>
<tr>
<td>Mazda</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>59</td>
<td>64</td>
</tr>
<tr>
<td>Daihatsu</td>
<td>10</td>
<td>2</td>
<td>12</td>
<td>63</td>
<td>75</td>
</tr>
<tr>
<td>Ford</td>
<td>11</td>
<td>6</td>
<td>17</td>
<td>26</td>
<td>43</td>
</tr>
</tbody>
</table>

- Dealers are sales outlets that are managed by independent parties through franchising system. Most of them are not exclusive dealership; i.e. dealers are allowed to sell different makes under the same showroom.

Source: Newspapers advertisement and Telephone Directory, 1998

With a wider geographical coverage, TCM provides better conveniences to customers. Furthermore, by having wider coverage and therefore keeping the sales personnel closer to customers, the customers enjoy better service as the salesman would be able to assist customers more readily and easily when they are geographically closer.

Other value enhancing opportunities include providing supplement services such as financing, insurance, used car disposal, registration, etc. Currently, TCM is supported by a panel of thirteen finance companies for car financing and established insurance companies to provide insurance coverage for new vehicle purchases. At the moment, there is no value creating activities from this area as TCM is sharing the same finance and insurance network with its competitors. However, TCM may capture added value by forming strategic alliances with the finance, insurance companies and the used car dealers.
New vehicle delivery presents great potential for adding value to sales service. The way a new vehicle is presented to the customer has great implication on the relationship between a salesman and his customers. A transactional business approach views the full financial settlement at the end of a sale when the sales is considered secured and profit earned. However, relationship marketing considers the closing of one sale as the beginning of another possible future sales – repeat purchase or referral purchase. In this respect, delivery is a golden opportunity to impress upon customers on the service quality and an opportunity to build long term relationship.

The followings are identified as value creating activities during vehicles delivery:

1. Defect free vehicles
2. Delivered on the promised time
3. Clearly explain the warranty policies, service maintenance, etc.

In TCM, the management has formulated The Nissan Way Delivery module which outlines the process required to create and capture values during vehicle delivery. This module has effectively created and captured value for the company as shown is the CSI survey 1996 depicted in Table 5.4.
Table 5.4
Competitive Position on New Vehicle Delivery

<table>
<thead>
<tr>
<th>Makes</th>
<th>Delivery Explanation</th>
<th>Cleanliness at delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nissan</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Toyota</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Honda</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>EON</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Mazda</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Daihatsu</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Ford</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: CSI Results 1996

Note: The number representing the comparative position of each makes against other participating makes. 1 indicates the top position and 8 the last in the list.

With the intention to foster a long-term relationship with customer, salesmen are encouraged to make telephone or personal contacts even after delivery. The purpose of the contact is to reduce post purchase dissonance and to ensure satisfactory Nissan ownership. The value creation capability of competitors in this aspect is presented in Table 5.5.
Table 5.5

Competitive position / Scores on After Sales Follow-up Contacts

<table>
<thead>
<tr>
<th>Makes</th>
<th>Scores on Follow-up</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nissan</td>
<td>106</td>
<td>2</td>
</tr>
<tr>
<td>Toyota</td>
<td>104</td>
<td>3</td>
</tr>
<tr>
<td>Honda</td>
<td>99</td>
<td>4</td>
</tr>
<tr>
<td>Mitsubishi</td>
<td>88</td>
<td>7</td>
</tr>
<tr>
<td>EON</td>
<td>84</td>
<td>8</td>
</tr>
<tr>
<td>Mazda</td>
<td>108</td>
<td>1</td>
</tr>
<tr>
<td>Daihatsu</td>
<td>95</td>
<td>6</td>
</tr>
<tr>
<td>Ford</td>
<td>96</td>
<td>5</td>
</tr>
<tr>
<td>Industrial Average</td>
<td>97.5</td>
<td></td>
</tr>
</tbody>
</table>

Source: CSI survey 1996

Note: The number representing the comparative position of each makes against other participating makes. 1 indicates the top position and 8 the last in the list.

Realistically, complaints could not be eliminated completely. No matter how good the assembling process and system are, product failure will happen. Similarly, the best salesman may fail to provide good services occasionally. As such, service recovery is needed to create value by turning an unhappy and dissatisfied customer to a satisfied and loyal customer.

In TCM the complaint recovery function is handled by the Customer Relation Department (CRD) which is staffed with five Customer Relation Officers. In addition to handling of complaints, CRD analyses complaints received and disseminates results of analysis to other departments to enable a proactive approach towards preventing re-occurrences. Similarly, Toyota has a CRD with customer complaint units to run the function of customer recovery. Other than TCM and Toyota, most automobile companies in Malaysia do not have
an independent Customer Relation Department or complaint unit. For these companies, customer recovery function constitutes part of the profile of the Marketing Manager. Figure 5.7 summarizes each of the above value creating activities pre- and during sales. It is a clear graphical representation of each and every value creating opportunities in the pre- and during sales stages that TCM could possibly exploit to create competitiveness superior than its main competitors.
Figure 5.2
Value Chain Analysis - Pre and during sales

Marketing communication
To create awareness & arouse interest

Sales Transaction
Facilitating sales transaction

Vehicle delivery

Follow-up

Customer recovery

Controlled information
- Electronic/print advertising
- Public Relation activities.
- Promotion

Uncontrollable information
- Word-Of-Mouth
- 3rd party / professional recommendation

Product information
- Printed product brochures
- Sales Presentation by salesman.
- Viewing vehicles
- Test-drive

Transactions finalisation
- Signing order
- Negotiation of Trading terms
- Finalise product requirement

Supporting services
- Financing arrangement
- Insurance arrangement
- Used car disposal
- New car registration

- Managing supply to ensure delivery as promised
- vehicle QC to ensure zero defect.
- Information on warranty, after sales service.

-Salesman tel/personal/mail contact
- CRD communications

- Handling of complaint regarding the sales transactions.

Source: Authors' illustration
5.5 Value Chain Analysis – A Comprehensive Analysis on the After Sales Activities.

Figure 5.3

Value Chain Analysis- After sales

Inbound logistics
- Customer making appointment for vehicles servicing.
- Customers arrival queue
- Reception
- Parking facilities
- Traffic condition in the vicinity
- Spare parts availability
- Service center network

Sales & Marketing
- Advertising
- Marketing concept,
- Demand forecast,
- Promotion -type of service available
- Product variation

Operation
- Diagnosis (reliability, ability to explain, testing equipment)
- Vehicle In Line – (Managing supply and demand)
- Repairs quality
- Equipment and facilities

Outbound logistics
- Vehicle delivery to customers :
- Business hour,
- Traffic condition
- Customer queue for collecting vehicles
- Explaining repair done and pricing
- Further recommendation

Source: Authors’ Illustration

In relation to after sales service, inbound logistics refers to the logistics of customers, their vehicles and replacement parts to EAS outlets.

To facilitate inbound logistics of its customers, EAS has established an appointment system which advises customer the ability of service requested,
confirms acceptance of appointment, estimates delivery timing, confirms needs for alternative transportation as well as reconfirms appointment one day before the appointment date. The ease and convenience derived from making repair appointment in advance is a value highly appreciated by most car owners as the modern lifestyle and the deteriorating traffic condition in many parts of our country have made the sending of vehicles to workshop a stressful exercise.

When customers arrive at EAS, they wish to be attended immediately; no customer likes to keep waiting to be attended by a receptionist. As such, EAS could create value by providing customers prompt and warm reception upon their arrival at the reception counters. This is very much in line with the "responsiveness" and "tangibility" dimension of service quality and it is a clear indication of the level of service quality.

In addition to receiving customers and their vehicles, the logistics of spare parts in terms of availability and inventory control is equally important to ensure a smooth flow of workshop operation.

After sales service is a critical value creating activity to the extent that it is one of the main consideration in making purchase decision. In this respect, Toyota has invested in (1) investing in Information management technology and (2) technological development in equipment and facilities.

Toyota has invested heavily in creating an information infrastructure that is linked to all of its branches and the system is made accessible to various departments including the service marketing department. When a customer calls up Toyota service center for an appointment, the receptionist will retrieve from the system customer’s data and, a brief description of the customers repair history. The repair history and customer’s data help in giving the receptionist a better understanding of customer’s problem to enable the provision of appropriate advice. With the assistance of the computer system,
a Toyota receptionist is capable of providing responsive and reliable services that creates a favorable first impression.

At the workshop operation, the control center allocates repair works based on the manpower and facilities capacities availability such as productive bay (a work area where vehicles are parked and repaired). With the computer linkages, the receptionist is well informed of the service capacity and is able to advise the customers accordingly. Furthermore, the system is assessable by the marketing department to enable better the analysis of customer profile, forecasting of demand and provide timely information for the formulation of marketing strategy. The investment in computerization has make Toyota a better equipped and superior service provider. In comparison, EAS is found to be less advance in this area. For example, job allocating process in EAS is semi-computerized hence time consuming and less effective.

In term of workshop layout, Toyota has its workshop designed in such a way that part of the repair operation is visible to customers. The visibility enhances quality perception by allowing customers to observe what is being done to their vehicles and the utilization of advance repair equipment in the workshop. In this respect, Toyota invested in upgrading facilities and equipment to improve the actual and perceived quality of service and make these tangible elements of service apparent to customers. However, most EAS workshop are separating the reception areas/waiting lounges from the workshop repair areas with concrete walls that prohibit customers from observing what is happening in the workshop areas.
5.6 Conclusion.

Based on the comprehensive analysis using VCA in TCM, we conclude that activities which are critically important to create core competencies needed for the sustainable competitive advantage are outlined below.

5.6.1 Primary Activities

Firm infrastructure – One of the most important infrastructures in TCM for successful service is “front-stage” activities and strategies, for example, impressive showrooms, comfortable waiting rooms, furniture and fittings. But the most important of these infrastructure facilities of TCM is undeniably the top management support and leadership. With this in place, it will certainly ensure a full coordination and cohesiveness in maintaining implementation of any services based strategies. In TCM, the leadership in the CEO and Managing Director, Tan Hoe Pin who fully supports and personally propagate the concept of customer service, care and excellence, has made the planning and implementation of any strategies concerned anything but smooth.

Human Resource Management – This is one of the most important aspects to be considered in the implementation of a full comprehensive and successful customer service strategies. Excellence customer service requires dedicated and motivated employees. Hence, the human resource development and strategies like recruiting, hiring, training, developing and compensating are needed for the creation of core competencies of TCM. TCM needs to have a full comprehensive internal marketing to develop this human resource core competency.

Technological Development – The most important aspect for creating a superior customer service care in this aspect is the computerization and effective management information system. Data and information on customers need to be stored and made accessible to service personnel throughout the nation so that customers can be served effectively at anyplace,
anywhere. Therefore, a fully integrative and extensive network for MIS is imperative for excellent customer service.

5.6.2 Secondary Activities

Marketing is handled by two different departments in TCM. To implement customer service strategy successfully, the integration and coordination of these departments are essential. These departments also need to cooperate and support each other through activities of internal marketing as they are fully responsible for successful implementation of marketing strategies.

In summary, all the above activities are needed and have been identified as important for TCM to successfully implementing its customer service with care and excellence. These activities must be built to create sustainable competitive advantage for TCM.