Chapter Six

The Evolution of TCM Customer Care Program

6.1 Reasons for Implementing Customer Care Program.

Kotler in his theory of total product concept has outlined five levels of a product, namely the core product, the generic product, the expected product, augmented product and the potential product as shown in Figure 6.1.

Figure 6.1
Total Product Concept

In the automobile industry, the definition and application of the concept shown below:

(a) **Core product / core benefit** – namely the fundamental service or benefit that the customer is really buying. In the case of automobile industry, the transportation is the core benefits customers are looking for.

(b) **Generic product**- namely, the basic version of the product. Thus, a basic automotive vehicle that transport its passengers from one place to the other is the generic product.

(c) **Expected Product** – at the third level, namely a set of attributes and conditions that buyers normally expect and agree to when they purchase this product. Automobile buyers, for example, expect the automobile to come with steering, tyres and car seats.

(d) **Augmented product** – augmented products are that additional services or features that distinguish the company’s offer from its competitors. An automobile, for example can augment its product by including after sales service, warranty, delivery, financial packages and loans etc.

(e) **Potential product** – at this fifth level, namely all the augmentations and transformations that this product might ultimately undergo in the future. Whereas the augmented product describes what is included in the product today, the potential product points to its possible evolution. Here is where the companies search aggressively for new ways to satisfy customers and distinguish their offer.

With both services and goods, the core product sooner or later becomes a commodity as competition increases and the industry matures as evidently depicted in our current Malaysia scenarios. Although there may still be opportunities to enhance the characteristics of that core product, the search
for competitive advantage in a competitive automotive industry often emphasizes performance on the supplementary service elements which are bundled with the core.

According to Levitt (1969, p. 2):
“*The new competition is not between what companies produce in their factories, but between what they add to their factory output in the form of advertising, services, customer advice, packaging, financing, delivery arrangements, warehousing, and other things that people or consumer value*. "It is not so much the basic, generic central thing we are selling that counts, but the whole cluster of satisfaction with which we surround it".

Today’s competition essentially takes place mostly at the product augmentation level. In less developed countries, competition takes place mostly at the expected product level. Product augmentation leads the marketer to look at the buyer’s total consumption system. "*The way a purchaser of a product performs the total task of whatever it is that he or she is trying to accomplish when using the product*. In this way, the marketer will recognize many opportunities for augmenting its offer in a competitively effective way". (Boyrd, Harper W., Jr and Levy, Sidney J. 1963, pp 129 - 40)

Therefore, in this competitive automotive industry, the best way and method to compete and build sustainable competitive advantage is through utilizing the resources available at the augmented and potential product level – excellent customer service.

Furthermore, automotive designing was slowly moving towards CAD as the manufacturing computerized new product development, vehicle design was seemingly converged to few common styling. At the same time, Japanese manufacturers began to share technology in their efforts to reduce R&D expenditure. Automotive technology was found to be getting similar among
different makes. That leave product differentiation limited to augmented and potential product.

Another concern was the improvement in standard of living and literacy. As income and standard of living improved, customers are willing to spend more and at the same time expect more from they purchases.

Taking all the above into consideration, the management rationalized that Customer Care could be one dimension that TCM could possibly excel.

### 6.2 Example of Successful Automotive Companies

The typical example of the success of the customer service is evident in the little case of second car dealer, Longo Toyota in USA, founded by the late Dominic Longo (Zemke, 1990). A clear example of how he believed in and nurtured the concept of customer service care in bringing the change and above par performance in a particular company. He set strict guidelines for his staffs to ensure customers satisfaction. About 60% of its total sales came from repeated and referred customers, symbolizing the success of customer service care and excellence. The essence of some of Longo’s success techniques are as below:

(a) Quick responsive service which may involve sending a team of people to customer’s home to wash and wax a car in response to a complaint of a greasy finger print left on the dash board after an oil change.

(b) Extended service hours from 7.00am to 10.00pm to provide after sales service to busy customers and after accidents cars.
(c) Three full time staff to make follow up calls, assessing customers satisfaction and trouble shooting service glitches before they developed into a full blown unsolved problems.

As a matter of facts, the same principles and concept of customer service care and excellence have been sown and propagated in successful automobile company like Beyer Volvo (Zemke, 1990). Some of the procedures and means adopted by Beyer Volvo are as outlined below:

(a) Employ full time customer relations representatives to service customers to ensure full customer satisfaction on all their repairs.

(b) Build the overall skill levels of the service staff, employ full time service trainers, conduct free classes for customers including special sessions for women and owners of some sophisticated engine vehicles.

(c) Provide transportation to shuttle customers to and from nearby mass-transit station during rush hour and directly to customers’ home or office during off-rush hours, if necessary.

(d) Attempt to minimize repeat repair and provide better customer satisfaction by ensuring that whenever customers come in with repeated problems, specialized trained and expertise staffs will attend to them – fix it right the first time, if not the second time.

(e) Have extended working hours for the convenience of their customers and automobile owners.

(f) Last but not least, built in incentive as part of the company’s motivation to ensure the unprecedented customer service for satisfaction of the consumers/customers. For example, mechanics are paid commission or
incentive based on the quality of work rendered or the satisfaction level of the automobile owners.

6.3 Concept of Customer Care Strategy in TCM

Customers could be segmented into three categories based on status of purchase.

(a) Entry sales
Entry sales refers to first time buyers. Generally, this group of customers earns about RM2,000 per month. (Source: Statistics Department of TCM). Due to financial constraints, affordability is the main concern of these customers in making purchase decision.

(b) Conquest sales
Conquest sales refers to those sales of which the buyers used to own other makes but now switching to Nissan. Sales of this category requires huge marketing effort to encourage brand switching.

(c) Repeat sales
Repeat sales involves buyers who repurchase or replace their existing Nissan with another Nissan. A repeat customer, because of his confidence and familiarity with the product, is less expensive to serve. For example, a salesman need not explain the Anti-Lock Braking System technology in details to a potential buyer who has a Cefiro that equipped with ABS. A survey has indicated that it is five times costlier to serve a new customer compared to a repeat customer. From the customer’s point of view, repurchase reduces the risks associates with trying out a new product and avoids the trouble of learning the features and characteristics of a new product.
When a customer purchases a Nissan, his vehicle ownership serves as a link between him and TCM. This link provides TCM an opportunity to foster a close relationship with the customer. If TCM manages to serve the customer satisfactorily during the ownership period, the customer is likely to place Nissan at the top of his shopping list the next time he consider buying a new vehicle. Satisfied customers spread good words about the brand and word-of-mouth is a very powerful and yet least expensive means of communication. A satisfied customer will do two things, one is to repeat purchase, and the second is to induce referral sales. This leads to the completion of Loyal Customer Cycle as illustrated in the Figure 6.2.
Figure 6.2

Loyal Customer Cycle

Source: Customer Relations Department, TCM
With advertisement and public relations, customers are attracted to Nissan showrooms to view and test drive vehicles. Salesman would engage in persuasive negotiations with customers to make him a Nissan customer. The Customer Care will intensify after the purchase as the salesman keeps close contact with the customers to ensure satisfactory ownership. As from the after sales service, the EAS will play its role of taking care of customers’ vehicle during their ownership. Furthermore, if the customer is delighted with his experience with Nissan, he would share his experience with others to influence them to consider buying Nissan. With the existing customers as the base, Customer Care strategy retains and expands Nissan customer base. In combination, product quality and customer care helps to enhance brand image and brand equity that may eventually lead to the acquisition of inimitable competitiveness and attractive bottom line.

6.4 Customer Service Implementation

The evolution of Customer Service in TCM saw the early development in 80s’ when the company tightened the management processes to improve product quality. With the support from NML, assembling technology and facilities was upgraded and work processes improvised to provide customers with better product quality. The same period also saw improved communication between Marketing, Finance, Service and Parts divisions. Realizing Customer Satisfaction has to be approached in a holistic manner, there were clear indication of inter-divisional communication was then more open. Following years saw a more systematic and concerted efforts in making Customer Care culture the long-term sustainable competitive advantage.
6.4.1 Training

To support distributors in cultivating the Customer Care culture, NML introduced various programs including training, campaign, seminars and other activities among the distributors. TCM adopted many of those programs and one of them was the introduction of Taking Charge of Customer Care (TC3) training program. TC3 was a series of training workshops designed and developed by Nippon Wilson Learning in 1989, seeking to educate employees on the concept, value, processes and management of Customer Care with the objective of creating a feeling of "Kando"

Kando is a Japanese word that connotes doing something with passion. Specifically, it means

"Kando" is the feeling we have when something special touches us
"Kando" is what is strive to create in the mind of each other.
"Kando" is the aim of Nissan service excellent.

TC3 served to strategically align the customer contact personnel, the supporting employees, the management support, and the system towards the same direction, that is customer care.

The program guides the customer contact personnel to discover the meaning and the benefits of customer care and thus set the participants' mind in line with Customer Care in their interactions with internal and external customers. It is only with this mind-set clearly established that training on other aspects such as skills, knowledge and right attitudes would than be more effective.
6.4.1.1 TC3 Training
The training consists of 5 workshops or modules, namely the Planning Session, the Management Workshop, the Mind-set Workshop, the Marketing Workshop and the Support workshop.

(a) The Customer Care Planning workshop: Customer Care for the 90s'
The Planning workshop was a one day workshop designed to allow the participants develop departmental visions, strategies and action plans to achieve customer Service Excellence in their respective areas. Participants included top management and departmental heads.

(b) The Customer Care Management workshop
The management workshop focused on 5 important elements of strategic leadership that demonstrate good internal customer care. They are:

- A clear mission on customer service.
- Supports to the subordinates and fellow colleagues
- Set realistic goals.
- Always listen to feedback.
- Reward subordinates fairly.

The workshop communicated to the managers the impact of their leadership as the critical link to the success or failure of the inculcation of new value and culture.

(c) The Customer Care Mind-set Workshop
The Mind-set Workshop was one day session for all employees to create and reinforce the Customer Care mind-set. It demonstrated the importance and meanings of and benefits of customer care internally and externally, the impact of each employee has on the external customer whether he/she is in direct or indirect contact with customers.
(d) The Customer Care Marketing Workshop

The Marketing Workshop was a two-day session for sales, service, parts and administrative staff who do come into direct contact with customers. Participants learnt the consultative approach for developing a long term internal customer relationship based on trust, fulfillment of commitment and meeting customer expectations with win-win solutions.

(e) The Customer Care Support Workshop

The Support Workshop was one day program for employees who did not have direct customer contact but who played a critical role of supporting other employees in their effort to accomplish Customer Care Excellence. The main attention was to secure supports from one another in achieving customers service excellence.

TC3 was on a project basis and managed by a project team that consists of 3 key groups of personnel, namely the project manager, program leader and program administrator.

The project manager was the C.E.O himself. His role was to demonstrate visible support and be responsible for making major decision concerning customer care implementation. He would often opened and closed the TC3 training sessions or meetings. The program leaders were senior mangers who were part-time facilitators and they assisted in the running of TC3 program. Program leaders were trained by TC3 trainers from Wilson Learning Ltd on how to be effective facilitators. Project administrator was a full-time administrative officer who prepared the training schedule, notified participants and make other arrangements in order for the training sessions to be conducted smoothly.

The TC3 program was well received by participants as beneficial in upgrading their competencies. However, due to budget constraint, the program was terminated two years after implementation. On the contrary,
Toyota believes strongly in training; in 1997, Toyota conducted 293 internal and external courses for its 2988 staff whilst TCM has fewer than 95 training sessions. Out of the 95 training sessions, only 20% was managerial skill development training for a few selected managers.

6.4.1.2 Other Training
Along with TC3 program, a team of in-house part time trainers from the service workshop had conducted and is still conducting training programs for mechanics on upgrading their technical skills. Although the level of customer interaction in the EAS workshop is found to be relatively high as compared to other divisions, the training program of EAS has been placing minimum emphasis in equipping the front-liners with customer handling skills. In 1997, there was less than 10 training sessions on Customer Service and these training sessions were conducted during weekends.

6.4.2 Information System
In order to improve service by means of providing accurate and relevant information to the people of all levels and departments particularly at branch level to enable quicker response to meet customers expectations, TCM invested in integrating the information system within the company through massive computerization. In 1993, an in-house Vehicle Tracking Booking and Allocation System (VTBAS) information computer system was developed and implemented. The system enables the tracking of the physical location and the status of vehicles. It also performs the task of allocating vehicles to customers on the first comes first serve basis, tracking payment, invoicing and customers data.

The company has benefited from computerization in many ways, including improved efficiency in serving customers by means of providing accurate information on waiting time and minimizing abuses by irresponsible sales personnel. With the assembling production schedule, lists of waiting customers and other information inputs drawn into the centralized computer
system, VTBAS matches production supply with demand to enable accurate estimation on delivery timing of new vehicles.

VTBAS also minimizes abuse by centralizing vehicles allocation. Before the implementation of VTBAS, vehicles were transferred to branches and the branch managers had the prerogative to allocate vehicles to his customers on the first comes first serve basis. However, some customers may wish to cut the waiting list to take delivery earlier. For example, customers may wish to receive the vehicles on time for Chinese New Year, Hari Raya and other "balik kampung" occasions to show off to their kampung folks their new vehicles. There were cases whereby salesmen took advantage of the situation by demanding under-table money from customers. While the flexibility to cater for such requests may be desired by some customers, this practice undermines other customers’ trust with the company and tarnish the its corporate image. VTBAS centralises the vehicle allocation to eliminate possible abuse of such nature. Special requests for early delivery will still be possible but only with the approval from the head office on a case to case basis.

6.4.3 Spare Parts Distribution Backup
The speed and support from spare parts distribution is an important factor to ensure customer satisfaction and effective information management is the key. To that effect, TCM has invested in computerising the part inventory system. The system has enabled faster and accurate parts information to flow between departments to enable service workshop accurate estimation of repair time. Besides supporting the EAS service workshops, TCM has established Parts centers in various parts of the country to support independent workshops and individual customers.
6.4.4 Assembly Plant Backup

Although it has no direct contact with customers, the role of the assembly plant in providing customers service is not to be taken for granted. As pointed out by Levitte, the service component is the augmented product which has its foundation in the vehicle functionality and quality as the core product. When the product quality is not acceptable, the service component could not go far as the customers’ perception will be predominantly possessed by the poor image from the core product itself.

The assembly plant has taken steps in supporting customer service strategy by implementing various programs within its operation. These program include the implementation of Kaizen and Total Quality Management. The facilities and technology are constantly upgraded as part of the Management support to Kaizen at plant.

Quality begins with house keeping. The assembly plant started the 5S shop floor management and until today the system is still running and the 5S has become a common language in relation to shop floor management.

As a result of various effort from the management, the assembly plant was award ISO9002 - Quality System Model for Quality Assurance in Production and Installation in 1991.

6.4.5 The Marketing of Customer Service - You Come First Campaign

A series of marketing activities was launched in 1987 to make known to public the new strategy and therefore a new outlook. Nissan was the first company in the industry that positioned itself as Customer Focus and this fresh marketing approach immediately caught customers' attention. Tagged with the slogan "You Come First", Nissan launched a series of advertising campaigns to promote the desired image.
To live up to the expectation created by the advertisement, the physical front stage components of the delivery system including the showrooms, the workshop waiting areas were upgraded and renovated. When customers entered the showroom or the workshop, they were exposed to the posters, banners and gift items received that conveyed the message of 'in TCM, you comes first'. All sales and service personnel were required to wear a "You Comes First" badge to impress upon customers their intention in making their interaction with Nissan a pleasant and commendable experience.

Supplementing the "You Come First" campaign, the following tactical activities involving multiple communicating efforts were carried out.

(a) Follow-up calls from the front-liners.

The sales people were to call customers to thank them for buying Nissan and to obtain their feedback on the satisfaction level within 2 days after delivery. Subsequent to the initial call, customers would received a thank you card jointly signed by the salesman and sales manager. This simple gesture of a personal call that followed by a card impress upon customers the level of personal attention they would be getting as a Nissan customers.

(b) Customer-Get-Together Sessions

To most customers, the relationship with Nissan is through the personal relationship with the salesman who sold the cars and who provides him the subsequent services. To further strengthened this link, branches conducted customers get-together sessions to invite customers to the branch for various occasions such as festive celebration, durian parties, children art drawing competitions, etc.
6.4.6. Customer Relation Department

The "You comes First" was an corporate-customer communicating effort through mainly the print media while the Customer-Get-Together was a salesman-branch communication, corporate-customer communication was further enhance the setting up of Customer Relations Department (CRD) in 1990. The department was entrusted with responsibility to enhance the existing customer communication and explores new communications to reach Nissan customers with the intention of keep track of customers' changing needs and expectations. Further more, the department is also looking into how could the company add value to Nissan ownership. To enable the above, communication to customers was step up through the following:

(a) The "Drive On" Magazine.

Customers were constantly updated on Nissan news through the Drive On Magazine. The Drive On Magazine contained interesting articles on car tips, automobile technology advancement, prototypes and new model launches. The magazine added value to Nissan ownership by providing customers knowledge of getting the most motoring benefit from owning a Nissan.

(b) Nissan Advantage Card Membership

All Nissan customers become the Nissan Advantage Card member automatically upon purchasing a Nissan vehicle. The club offered discounts at all Nissan EAS workshops and parts purchase. To add value to the cards, Nissan also tied-up with hotel chains, restaurants, hire and drive companies and some other retail shops for attractive discounts whenever the customers produce the Nissan Advantage Cards. The club also organized activities such as Treasure Hunts, Basic Car Maintenance Seminars, Sheseido Beauty Workshop and many other activities to enhance the value of Nissan ownership.
(c) Courtesy Call.
Customer will receive a courtesy call from the department within 1 month from the delivery. Feedback from customers would be compiled and disseminate to relevant department for further action.

(d) Complaint recovery mechanism.
The CRD has a team of Customer Relation Officer (CRO) who attend to customer complaints. The CRO will monitor each complaint until the customer is offered a satisfactory solution. The complaints will then be compiled and analyzed. The results of analysis will be disseminated to related departments for preventive actions.

(e) Internal Communication
The department publishes Keep-In-Touch, an in-house magazine to communicate on customer service. The magazine acknowledges good customer care efforts and spread the encouraging news of customers' appreciation of good service rendered. In addition, the department explores innovative ways to communicate and remind the employees the importance of customer service. Efforts include developing punchy and meaningful Customer Care messages and propagating these messages through posters, wallet size calendars, book marks, drinking mugs and other items to remind employees of Customer Service every time they use them.

6.4.7. Relationship Marketing
As competition stiffened, automobile companies realized that it is becoming more and more difficult to get new customers. As such, the existing customers base is valuable in terms of providing a automobile company with a platform to cultivate customer loyalty with the objective of getting valuable feed-backs, word-of-mouth advertisement and repeat business and ultimately higher profitability. With this view in mind, TCM set up a Relationship Marketing Department (RMD) to collect, maintain and update existing
customer database. These data enables TCM to communicate with customers on a more personal level and hence provides the company with an opportunity to differentiate and create a distinctive image and competitive advantage of its own. In short, Relationship Marketing is a comprehensive customer-driven marketing approach that helps TCM to differentiate itself from its competitors.

The RMD operation involves the following activities.

(a) Building a customer database
The first requirement of relationship marketing is the building of a comprehensive and accurate customer database. Currently, RMD has in its data bank about 45 thousand Nissan customers. Besides existing customer database, RMD collects information on non-Nissan users from various sources such as directories and trade promotions to widen the range of its database.

(b) Personalized communication
Based on the information captured in the database, customers are segmented based on their lifestyle of characteristics. Messages, activities and other communications are then tailored accordingly so as to ensure the messages achieve a desirable level of awareness and impact. Personalized communication on a regular basis is an effective way to build strong relationships with customers and increase their loyalty. Through these communications, TCM conveys the right messages to its audiences at the right time. Furthermore, actively contacting and communicating with the customers help TCM in gathering and analyzing information for new products development or the formulating advertising and sales promotion proposals.
(c) Prospecting

Prospecting are activities designed to identify prospects. Once identified, aggressive sales activities ensued with the objective of converting these prospects to Nissan customers. Prospecting activities include periodically contacting customers through telemarketing, direct mailings and inviting potential customers to the showrooms on special occasions and provide them with information on new models or specific models that they are interested in. It is through these contacts that purchase intention is detected.

6.4.8 Measurement

As the saying goes, "when nothing gets measured, nothing get going". It is through effective evaluation and feedback that weak areas could be highlighted for further improvement. This is in line with the Kaizen management philosophy which believes in continuous improvement as the key to management success.

Short term profitability might not be a good measurement of the success or failure of the implementation as the Customer Care program is a long term strategy. Currently, CSI survey and The Nissan Way team are used to measure the effectiveness of Customer Care implementation in TCM.

(a) Customer Satisfaction Index (CSI) survey

CSI survey is an annual survey conducted to measure the level of customer satisfaction rendered by automobile companies. Jointly commissioned by Nissan, Toyota, Proton, Honda, Mitsubishi and Daihatsu, the survey (1) measure customers' satisfaction level with each participating makes and (2) identify inferior points and strength of each make.

The CSI result provides valuable information for actionable planning towards achieving Customer Care Excellence. Further details of the survey could be found in Chapter 7.
(b) The Nissan Way team

The CSI result provides information at the company level without further details on the performance of each branch to enable measurement and actions targetted at branch.

In 1995, TCM had gone one step further by establishing a team of field personnel to assist sales branches in their implementation of Customer Care Program. The role of the department include:

(i) Designing an effective service delivery system

By studying the flow of customers activities at branch level, the team is to evaluate and propose ways to improve the current delivery system so that it is in line with customer expectation.

(ii) Reinforce and remind the importance of Customer Care.

The team periodically highlights issues on customer service, customers' feedback and other marketing information that enhances sales peoples' understanding on these aspects.

(iii) Competitors update.

The objective of Customer Care is to provide customer with service that is perceived to be better than competitors'. In order to do so, the team is constantly in touch with competitors' activities and strategy to have a clear understanding of the competition in Customer Service.
6.5 Summary

In summary, TCM is adopting a integrated approach towards customer care implementation. Internally, it conducted training (although subsequently abandoned the project), publishes in-house magazines, highlighting Customer Care issues during major meetings and initiated other activities to enhance customer service. Externally, TCM have launched the “You Come First” campaign, established system to enable regular contacts with customers from the branches as well as CRD. Lately, the RMD was set-up to assist sales branches in increasing customer contacts and other related activities. Despite the effort, TCM’s is still perceived by most customers as trailing behind its competitors and this suggests the existence of areas to be improved which are discussed in the following chapter.