

CUSTOMER SERVICES AND PRODUCT QUALITY

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Abstract

Objective level of product is a combination of material elements. They are supplemented by satisfying highly heterogeneous and complex motivations, representing highly diverse subjective functions associated to product until individualization for each type of consumption. Thus it observes highly surprising developments of subjective function associated with a product and which determines in the consumer's opinion the quality level of the product. The present study examines the role of associated services covering the subjective function of the product in view of the fact that the utility or subjective function is dependent on elements such as style, fashion and fads.

Consumers will no longer accept products with average quality of related services. For a company that wants to stay in the market and achieve profitability, the only solution is moving towards a complete product package type goods-services. Associated services are thus an indicator of quality and the best customer loyalty insurance policy, there is a close relationship between the quality of services provided by a firm, customer satisfaction and company profitability.

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JEL Classification: D1, L1, L2, M1, M3, O3

1. Introduction

Since its first use in the economic sense of the term "product" in 1776 by Adam Smith in his famous book "The Wealth of Nations" (Smith, 2004), it has undergone numerous definitions and meanings. Currently the most powerful current of opinion on the meaning of the concept "product" belongs to marketing as a field dealing with policies and product planning. Most often the product is regarded as anything that can be offered to the market to satisfy a need or desire (Kotler et al, 2001). With this meaning, it appears that when we talk about the product can understand be a good or a service or a set of goods and services. Related to this sense, the product becomes, through a synergistic effect, a group characterized by an given by objective function embedded goods or material characteristics of the product, and an subjective function given by the services provided by this product or the utility it offers.. When a consumer buys a product it seeks to ensure that within a certain level of the tariff to obtain maximum utility (u):

$$\max u = \max f_s = f(f_0, t)$$

$$f_0 = \sum_{i=0}^n C$$

In which:

max u - is the maximum benefit obtained from the proper use of the product;

f_s - is the subjective function of the product, which merges with max u;

f₀ - is the objective function of the product;

t - is the price for the product or service;

C - represents the physical characteristics and quality of the product.

Objective level of product is a combination of material elements. They are supplemented by satisfying highly heterogeneous and complex motivations, representing highly diverse subjective functions associated to product until individualization for each type of consumption.

2. Quality - strategic element of product planning

Consumers will no longer accept medium quality services. For a company that's aimed at a stable position on the market or even to increase market presence and achieve profitability, the only solution is achieving a quality product to the level of customization of this product. Customization of a product can achieve at the level of objective component, material type, or at the level of acorporal components, such as associated services. But in terms of relative standardization of products from a range of business, the only remaining solution of companies is customizing through services.

Quality is the best insurance policy for customer loyalty, the most effective defense against foreign competition and the only way for the development and production gains. There is a close relationship between quality of services offered by a company, customer satisfaction and company profitability. Having the client as core element, quality is all the traits and characteristics of a product or service, which consists in its ability to meet the expressed or implied needs. And expressed or implicit needs always have a strong subjective component, about what can make the product and the services that the product can bring to the consumer. In these circumstances a firm provides quality in any situation where the services associated to the offered product meet or exceed customer expectations. The image quality should be transferred to the entire company, by rethinking the position of each employee as service provider, and rethinking all processes related to different areas of activity of the firm (Hart, 1998).

The main objective of a business is to attract customers, and especially to preserve them, and in addition, to return them to the company's products and in the same selling places of the products, using the same services of the same company. In this orientation the product quality is currently considered the most appropriate way to achieve customer satisfaction and company profitability. Quality strategy should be correlated with the permanent reduction of costs; a model of this strategy is represented in Fig. 1.

Quality must be permanently linked with a predefined image product, image that is given by the purpose for which this product serves. Generating services by product in relation to a goal set a specific valuation thereof, so linking this at appropriate prices, attractive and affordable by potential customers interested in the product by one or the other associated services. Coupled with this, product quality strategy completes the modern look of the product concept as the amount of goods and services at a certain value. This approach surpasses the notion of classical product, actually a modern firm offering comprehensive services through the products they sell. Even through discounts applicable to the product, the customer is provided with certain services that we can categorize as financial type services. Through these financial type services, the customer is exempt from further efforts to cover the price difference.

Overall, to identify the quality level of product based on customer service related, it must need to consider a number of issues:

- the fact that customer service is conducted mostly in the presence of beneficiaries, they can immediately analyze their quality and implicitly of the product they want;
- customer services are called upon to meet very different requirements, which requires the inclusion therein of a very broad set of services varied, with varying degrees of comfort, ambience, quality classes and multiple possibilities of choice;
- the existence of multiple customer service similar to competitors in the market provides customers the opportunity to make comparisons, which makes that not only a service but an associated services mix of product to be decisive in determining product choice and quality levels within it.

Strategy of product quality becomes the associated service quality strategy and expresses how society establishes the purpose for objective and subjective utility of products from a particular domain. In this context the company is expected to use this pattern as the quality objective in the development of its products and to use all necessary means to achieve the model as it is implicitly and explicitly requested by the society. By applying a strategy based on product quality is intended:

- to satisfy social need and beneficiaries requirements , removing the causes that could result in a distance between the product and the client;
- to change the mentality of employees from lack of trust to the confidence in achieving and improving quality;
- to integrate the idea of continuous quality processes and outcomes in the vision and mission of the company.

The quality strategy is an internal matter of the company based on the achievement of a technical product and customer services at the conditions imposed by standards or other normative documents: competitiveness, performance, price, time.

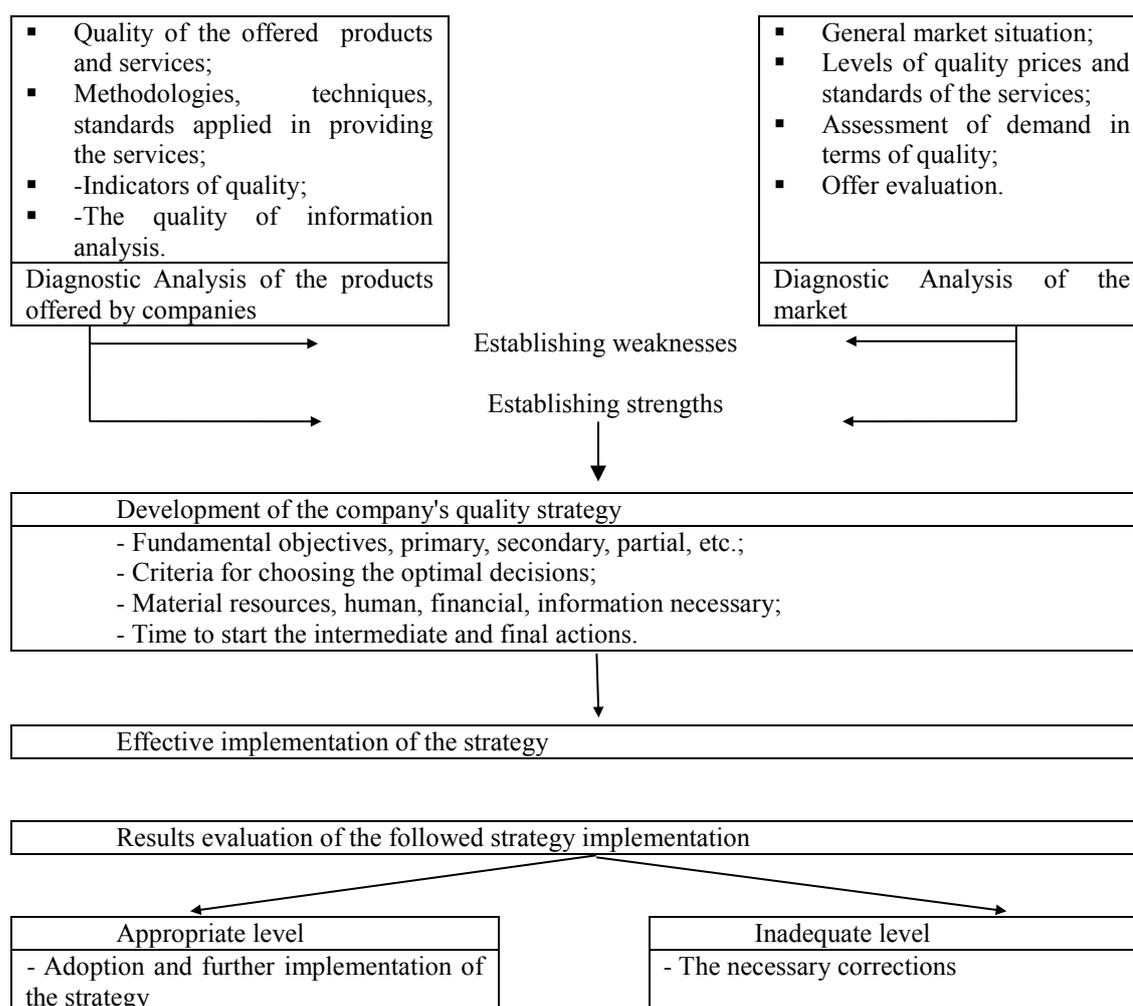


Figure no. 1. Stages of quality strategy

As a strategy of differentiation in quality, it tries to achieve customer products and services considered unique in that branch. If successful, product and customer service differentiation allow the firm to practice premium price and obtain profits above average. Conversely, if prices are too high, customers may choose less expensive alternatives; even if giving up some features or associated services. Also, needs and preferences may change so that companies practice such differentiation strategy must carefully assess clients' changing requirements and changing requirements of the standards. Because of this it is necessary for getting information and documentation on standards and quality requirements necessary for each new market that the company wants to penetrate. However the quality differentiation are most likely to succeed if the element of differentiation, which it is based, it is of particular importance to customers and also if it is difficult to imitate by competitors.

3. Quality components

As a conclusion of what was said, quality management of products and services is consistent with the requirements of target markets. Product quality is defined by any kind of benefits that the product or associated services bring to consumer: basic product benefits; physical benefits of the product (closely related to attributes such as brand, packaging, quality, style); benefits of services (delivery, installation, credit facilities, after sales service, warranties).

The product offers a high quality / medium / low?; How defines quality in relation to the product company?; Customer requirements are known in terms of quality?; How customers define quality?; Warranty is given for products / services? They are known for quality standards? Consumers everywhere are concerned about the quality of the physical product itself that he will receive, and its other features such as: brand,

packaging, labeling, warranties and after-sales service.

Grouped into categories, the **basic benefits** that define the quality of product they are: size, design, operating standards, quality technology, high technology, external requirements and cultural preferences.

The size of the product, such as size, capacity or volume is subject of market and environmental influences and often requires separate solutions for each market. One of the important factors is the choice of metric or non-metric system of measure.

Product design is made in relation to different conditions of its use by clients, often requiring modification of the product. Also, replacement materials, changing the functionality or adding additional functions require product redesign. Operating Standards are usually designed to meet the technical standards on the market, and therefore they need to be adapted.

The technological quality reflects international position and circumstances using the product. If these are changed it is necessary to change the level of quality. Sometimes it can reduce the quality of the product by reducing the technical facilities to adapt to the local market buying. It may, however, damage the reputation of the company. Therefore, often the decision is not to sell the product in those markets. Sometimes, great efforts are required to adapt to the quality standards. Cutting-edge technology often has special importance in some areas such as electronics, computers, software and biotechnology.

To have competitive advantage is often necessary to adapt to external demands. The external requirements for an effective proven product are implicit and unwritten standards and modification or not of a product proven effective in the past is one of the most difficult decisions to make. Cultural preferences determine some adjustments in fashion and style tastes for different consumer segments or different markets.

Through **physical benefits, the product** is not something else but the result of a natural process or processing object, with some useful features, physical and chemical, assembled in a very easily identifiable and recognizable and having a generally accepted name. Such an approach, however, does not show off the product attributes that have a specific attraction for the buyer. Therefore, the product must be considered and presented in a concept system that includes, along with the material substance of the good, the whole atmosphere around him, formed from a relatively wide range of client services and subjective utility. The product is not an end in itself but rather a means by which the buyer solve their perceived needs or obtain certain rewards or benefits. In fact, goods subject of buying-selling act are symbolizing the wishes and aspirations of clients, behaviour and theirs personality. In such a context, the product covers all the physical, aesthetic, emotional and psychological elements that one person buys in the exchange process.

Very often the physical benefits of the product are highlighted by the external image of the cover, case, and pack. Packaging a product should be done in two ways: physically (the protection they need to ensure the product) and psychological (the promotional tool). The outer packaging must meet the requirements of customers ranging from one group to another, depending on the socio-economic and cultural factors. Aesthetics is the first important pack. Form, symbols, texture or used colours must be adapted to the characteristics of consumer culture group. While some clients focus on visual aesthetics, others focus on the physical quality of the cover, case, and package. Another factor is the size of the product by the external frame sizes or packaging. Buying habits, traditions are other variables that affect customer requirements on packaging.

The last category is the sum of **benefits from services**. Customer service policy formulation requires an objective assessment of needs. This subset is the ability of a firm to provide specific services to its customers with the quality they demand to meet their needs and desires. Performance indicators relate to the effectiveness of the response time perceived by customers, the quality of after-sales services and responses at the clients answer.

Pre-sales customer services support the client to identify the benefits of the product or as mentioned above to identify services that the good can generate when they will be purchased. For this, the customer must receive counselling and support. Purchase a product without that fit in the highest degree to specific customer requirements can be a risk of dissatisfaction with the effects on subsequent sales. The pace of development in technological innovation that registers each new product brings a risk associated with the acquisition, the overall risk arising from the new basic functionality and physical benefits. To eliminate the phenomenon of cognitive dissonance and customer dissatisfaction, support services and technical assistance in the acquisition process are of paramount importance, both practically and psychologically. The most common customer service is the product marking and labelling as appropriate, grouping the most relevant information to the client. This process is completed by customer service information. Consumers deemed to have full knowledge when choosing a product, brand or store action that should happen in reality. However, few people are properly informed and read the label when they purchase a product. A second component of pre-sales service is serving the customer. Inside a company, serving the customers is a process of planning and carrying out daily activities to customers with an attitude of gratitude towards them, the firms building for this the behaviour to conduct work in customer service. Trainings their employees are common practices in the companies, on the subject of behavior towards the client, not only to the sales team but also to other employees of the company. Many companies delegate the recruitment of new customers to each employee who is responsible for bringing new customers and develop long-term

cooperation with them. In addition companies provide time to develop relationships with customers by sharing the company vision of business and social projects or individual projects that involves customers, based on the strengths of the company and the skills of employees. In this regard a project to adjust the functioning program of the store in relation to customers' requirements concerning their free time may be right. Also companies can provide their customers a range of service projects for their needs, even within stores in which customers make purchases.

After-sales services constitute an offer to keep the original product through repair, maintenance instructions, installation, delivery and supply of spare parts. However, including the warranty system, they may vary from one group of customers to another, depending on factors such as the intensity and the conditions of use and the technical skills of the customer use of the product. Guarantees are a promise from the manufacturer that the product will perform as expected. They serve as protection and promotion. Choosing standardization or differentiation policy of guarantees is based on a careful analysis of the criteria for selection of such policies, and the nature of market competition, the conditions of use of the product, the nature of the product, the company's ability to perform after-sales services into the warranty stage. How the company uses the system of guarantees depends on the strengths and weaknesses of the firm and competitors. Thus, to large guarantees of competitors, the company will have to respond with even greater security.

4. Customer service in the product development market

Evolution of a product on the market, simultaneously determines extremely surprising developments of the subjective function related to a product. In these circumstances it is implied the need to adjust the mix goods, inside of an offered product, with its market position and growth.

Utility or subjective function is dependent on elements such as style, fashion and whims that can influence alongside actual needs, the product life cycle (Kotler et al., 2001).

Products with short life cycle, type "caprice" primarily represent a fashion trend of the moment with very quick and repeated improvements. The caprice can be understood as a product that encompasses almost entirely subjective utility and some new material elements with a strictly objective function. Caprice type products targeted mainly to higher needs, in category of self-actualization and self-realization of the individual. In these conditions they are ephemeral products as generating motivations. This is the reason why such products are products with very short life cycle, with a rapid penetration and growth in the market, a very short maturity and a rapid decline. This profile requires that caprice product type always be a "young product" with rapid relaunch of new improved versions. Often caprice type products can be development of old products from different areas of activity with the conceptual and technical development of these areas. Caprice type products attract buyers in search of new sensations, different, with a high degree of subjectivity and which found by this a strong differentiation in relation to the rest of the buyers. For this reason they are extremely unpredictable on the markets with the highest risk, and being able to bring extremely high incomes from high prices practiced on these markets but also involves high costs that sometimes cannot recover for a period of extremely short life cycle.

These products are always new and rapidly evolving, continually put customers in the position of not knowing very well the advantages and disadvantages of each brand and are reluctant face to opportunities of use and advantages offered; on the background of what Bjorn Wootz called "uncertainty use" and "market uncertainty" (Wootz, 1975).

In this situation company has to develop associated services systems and the optimal strategy that can be adopted is to provide services before sale. This strategy can be directed towards improving the state of uncertainty by gaining customer confidence. After-sales service becomes somewhat useless if the product is still technically exceeded in a short period of time. Before the sale, the range of services that add value to the product supplied may include: financial incentives to help the buyer to purchase the product, service design, consulting on technological processes and methods used; association for the development of joint activities; providing customer certain product information.

In conclusion, the risk of operating in these areas is extremely high and the efficiency of investment also very difficult to assess in the situation of launching a business plan like this. Competitive game and in particular the promotion and attention that is given by mass media together with other sources of information that determine the product cycle of caprice products and evolution of these markets.

Products with middle life cycle, type "fashion" are generally products that express a certain attitude in the general society, or otherwise accepted style at a given time. These products do not meet individual needs but rather the needs of a group or a distinct segment of consumers, they having less exclusive characteristics. Costs of purchasing a product regarded as a fashion are generally higher than those of a product included in the category of style. The product of this category enjoys a certain degree of originality advantage but not reach the originality of caprice type products.

Any product fashion type have an evolution in four phases over demand. In the first stage of *originality*

appear consumers seeking a product to differentiate relative to the mass of other consumers. In the second stage of the *competition* other consumers are interested for new product, they wanting to compete with the first acceptant of the idea or to achieve a targeted social threshold. In the third stage, called *mass consumption*, the fashion reaches a maximum extension that it will not achieve in any other subsequent period. At this stage there is mass production, which can lead to the transition to fashion style. Resistance in time of that product depends on the objective value that is assigned to social level. Interest in time for such a product may remain constant at the highest level so that kind of product can be confused with the „style,” product, the difference being given by the overall fall of the market in decline phase. Where fashion is evolving very rapidly it will have the required characteristics of a caprice so that requires a reclassification.

Fashion product includes a sum of subjective utility, to an extent far greater than the sum of objective utility. Product with middle lifecycle, type fashion, is much more influenced by cultural and social factors than products with long lifecycle, type style. Instead „style,” products will be more influenced by restrictive macro-economic factors such as economical or technological factors.

Fashion by nature is a product of the microenvironment, subject to competition rules and under constant pressure from where appears his relatively rapid evolution. Subjective utility of this type of product is actually expressed in relation to social needs and those of respect, which integrates self-respect, recognition, social status etc.

Lifecycle of a fashion product is unpredictable in the sense that it is a compromise, and consumers will gradually begin to look elsewhere for features they do not find in those products.

According to Philip Kotler, american authors fall into two categories, which examines the fundamentals of evolution for a product according to „fashion,” model characteristics (Kotler, 1997). WH Reynolds believes that the life cycle of a „fashion,” product is determined by the extent to which it meets a real need, is consistent with other trends that occur in society, with social norms and values and not fully exploit technological opportunities throughout the life them (Reynolds, 1968). D.E. Robinson believes that fashion is not influenced by changes in economic, functional and technological taking place in society (Robinson, 1975).

Looking objectively the two views, we can conclude that „fashion,” product can be closer to the „style,” product when it is under macro factors impulses as deemed WE Reynolds, or can more like a „caprice,” product and having a short life cycle without a harness too objective value being under the influence of microenvironment (competitive) as mentioned by Robinson.

Product with middle lifecycle occurs with the maturation of the market, a stage characterized by the fact that both customers and companies experts begin to determine pretty much what the market needs. In this background the company is in a position of greater market and consumer certainty, that which no longer consumes significant resources in the pre-sale but requires increasingly more after-sales service. In terms of pre-sales service company just need to find the arrangement whereby the customer can get the product in best conditions, dealing with accessibility services and financing it.

In case of such products, many companies are trying to support the product in pre-sales phase by methods of sales promotion, but promotion service while adding value may cause additional costs incurred by the seller. The best way of adding value to the product is its differentiation through service offerings tailored to different segments or groups of consumers. These utilitarian services must to continue in the post-sale to help the client to use the product better, more comfortable, with high efficiency and in economic and environmental conditions. These useful and fashionable services are convincing the customer that the product has value and utility even if the utility is only partially objective.

Long lifecycle products, type "style" is a product which has been accepted in some form for a very long time. Whatever, „style,” can be considered a fundamental and distinct expression that manifests itself in a field of human concerns. For example, styles appear in housing (type colony farm) in clothing (formal, regular, non-conformist), in art (realistic, surrealistic, abstract). Style once appeared, can last for generations in a row, being sometimes ignored or other time accepted as fashion (Kotler, 1997).

Products with long life cycle present unified and unique connection between objective and subjective characteristics of the product. In these products there is a higher proportion of objective characteristics and a proportional reduction of the subjective function. Under these conditions the product support itself with no need for major company efforts to plan pre-sale services. Therefore the „style,” best suited to basic needs (technical characteristics of the product) and to security needs (warranties, security standards, reliability, and maintenance of the product).

As models of development life cycle of such products, we can mention two versions:

- stable model (increase - crash - maturity);
- unstable model (repeated cycle).

The increase - crash - maturity is characterized by the fact that after a period of sustained growth follows a period of falling demand and market and finally a stabilization and restoration of it at a certain level for a very long time. This pattern is for business domains in which the products come into equilibrium in a very short period of time. These fields include finished products with low to medium degree of technicality, which bear

little change while evolving, as basic food products, household goods and even basic medicines. Specific utility of such products especially addresses to the basic needs of the consumer. For these products the objective characteristics are almost exclusive, which implies action and support services for client to use and consume the products. We can mention the services that are performed when purchasing, like packing and cutting, or immediately after purchase like delivery, transportation, installation.

The Repeat cycle presents several stages of growth with short maturity stage, followed by the falling of demand, highlighting a several numbers of life cycles that are repeated with decreasing intensity to an overall balance of demand. This model corresponds best with finished products incorporating the high technology, which requires continuous improvement. This can include products used by the individual in daily life such as household electrics and electronics, automobiles, houses and consuming products with greater industrial processing (pre-cooked food, cosmetics etc.). These products generally provide certainty of daily life and the evolution of demand is driven by the needs of security and protection. Security needs are generally more complex than basic needs with a longer-term satisfaction by identifying both the objective and subjective using the product. With the sale of this product, it is appearing the need for a rapid utilisation and sometimes the need to prepare and adapt the individual for the features of the new product. By the integration of after-sales services facilitate for consumers to use the products and will meet the need for safe use both the user and the product. The main post-sale services focus on product replacement through warranty system, service activities during warranty and post warranty period, preventive maintenance programs, consumer participation in technical programs, systems buy-back for old products etc. The degree of subjective utility of the product, with effect on increasing the overall quality of the product, can be increased by offering even pre-sales services: consumer education, advice on product selection, design of purchase according to the needs and possibilities, assistance to users, provision of market information, automate systems for online purchase.

5. Conclusions

No wonder that the most prosperous companies are the ones that deliver the expected customer satisfaction, understanding product as an item not individually, but as a sum of material elements together with a set of services that complete the objective function of the product with a strong subjective utility that is part of it. What is needed for effective action is to identify groups of consumers and the needs to satisfy profitably and ways of processing the objective product in a complex with improved profitability compared to other competing products. These successful companies focus their efforts on maximum satisfaction of target-market requirements. Their intention is not to take ranks third or fourth in the market and identifies that if they fail to bring elements of differentiation in the target market, they will not be in a leading position for a long time. These are the kind of companies mainly oriented to the market and the client and not to the product or costs. They pay particular attention to product quality and especially to support services and how to cooperate with strategic partners in the supply and distribution networks.

In old business systems, companies could withstand competition by applying an aggressive sales and product promotion policy structured in overall marketing actions. This overall marketing vision tends to transit in actual stage to a more direct marketing based on customer relationships, generating numerous associate services provided directly to the client.

Bear in mind that today, buyers are faced with a huge range of products of all kinds. It should not also forget that they have different reactions and requirements related to the price of a product or product-service couple. Finally, their requirements in terms of quality are increasing. With endless possibilities to choose, they will turn to those offers that best fit their needs and expectations and the decision to buy will be based on the perception possibility of the value as the sum of the objective characteristics of the product and associated services.

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