

AFTER- SALES SERVICES AND CUSTOMER RETENTION: A PARTICULAR REFERENCE TO OTIS ELEVATORS AND ESCALATORS NIGERIA LIMITED IN FCT - ABUJA, NIGERIA.

¹Akwikwa, Rufus Ph.D. obifa4u@yahoo.com

²Fadare, Ramat Adeola Ph.D. fadare4adeola@gmail.com

ABSTRACT

This study examined the Influence of After- Sales Services on Customer Retention: A Particular Reference to Otis Elevators and Escalators Nigeria Limited in FCT - Abuja, Nigeria. The study population was thirty five (35) respondents. Also, Taro Yamane statistical techniques was used to determine the sample size of thirty two (32) respondents, data for the study was collected through questionnaire from the thirty two (32) respondents. However, out of the thirty two (32) copies of questionnaire distributed, twenty five (25) were returned valid and used for the analysis. Cronbach Alpha reliability test was validated, and the hypotheses were tested through Parson correlation coefficient. The findings revealed that, after-sales service dimensions; Warranty, installations services and replacement services has significant positive influence on customer retention. The study concluded that, after-sales services influence customer retention positively. The study recommended that, Otis Elevators and Escalators and other organizations should implements more after-sales services strategies to retain more customers to build long term customer loyalty and to enable the organizations increase its sales volume and market share.

Keywords: after-sales service, Warranty, installations services, replacement services and customer retention.

INTRODUCTION

Fundamental aim of every reputable business oriented is to create customer as well as to satisfy the existing customers. Firms and customers relationship is the rudiments of every successful business, firms have important role to play to maintain its potential customers. Also customers have significant part to play by reaching out the business organizations for any unsatisfied transactions or dealings and proffer solution. Totality of firm's market share, sales volume and increase in profit level is as a result of customer retention (Dious, 2016). Globally, many business concern organizations today are set up for motive of profit maximization, but the level of profit maximization by firms depend solely on how they strategize and meet the needs of its customers with the right product /services, at the right time and at the right place specially those firms that are into sales and servicing provisions .Sales and servicing firms today experiencing down fall in business, it is as a result of not exercising or considering aftersales services to promote its business and, maintain customers relationship. After-sales services play an effective role in firm's business performance, After-sales services is a life wire of any sales / servicing firms, rapid growth of sales / servicing firms contingent mostly on the application of after-sales services activities. According to (Kumar, 2014), after-sales services refer to effective support by firm(s) providing services to its customers after they purchased a product from the business. After-sales service is a contemporary and effective tool to satisfy and retain customers. In the spite of Hussain, *etal* (2011), After-sales service is also called after-sales support, it is refers to services and support a business offers to the customers as part of its customer satisfaction and customer retention policy after the offering is sold. After-sales services help as a basis for assessing customer retention and customer satisfaction (Kurata & Nam, 2010). Kurata and Nam (2010), asserted that, acknowledged service is the consequence of the consumer's opinion of the service sizes, which are both technical and useful in nature. According to Fornell (1992), cited in Rahel (2018), after-sales services have a strong correlation with customer satisfaction, financial performance, manufacturing costs, customer retention, customer loyalty, and the success of marketing strategy. Gaiardelli, *etal* (2007), cited in Rahel (2018),Sudharshan (2010), established that, firms functioning within the sales/services delivery considered after-sales services to be a strategic tool of their marketing proposal therefore, organizations that are into After-sales services delivery grasp and advanced level of services excellence, a higher level of customer retention, can

maintain a continuous competitive benefit. Oketrea (2017), on the study, effect of after-sales services on customer loyalty: expressed that, after-sales services have some major dimensions which include: warranty, replacement, guaranty, pre - installations services, these elements are very vital in achieving firm's after-sales services aim. After-Sales services is a developing thought in the business setting, today Elevators and Escalators dealers provide after-sales service for its potentials customers as the nature of the product necessitated incessant follow up and inspection, because Elevators and Escalators are susceptible to technical and mechanical difficulties because of long time services. Portrait of Otis Elevator and Escalators Company founder Elisha Otis, 1860. Otis Elevator Company is the first elevator shaft (built in 1853) actually preceded the first elevator by about four years; architect Peter Cooper, confident that a safe elevator would soon be invented, designed New York's Union Foundation building with a cylindrical shaft (thinking that the most efficient shape). Otis would later design a special elevator just for the building (Jacobs, 1999). Otis Elevator and Escalators Company, Inc. is the world leader in the manufacture, maintenance, and servicing of elevators, escalators, moving walkways, and other horizontal transportation systems. After more than a century in business, Connecticut-based Otis has more than 1.2 million elevators and escalators in operation, controlling about 22 percent of the world's elevator market. Almost 80 percent of the company's business is done overseas. Since 1975 Otis has been a subsidiary of United Technologies Corporation (UTC), a conglomerate that also owns Pratt & Whitney and Carrier. Otis contributes approximately 23 percent of UTC's annual sales(Drain, Sharon Cramer,1987).Over 22,000 Otis mechanics maintain one million elevators, escalators and moving walks worldwide. They are supported by a comprehensive range of maintenance, communications and service dispatching networks which remain unmatched in the industry. Indeed, Otis remains very much a global company. Its products are offered in more than 200 countries and territories, and Otis maintains manufacturing facilities in the Americas, Europe, Asia and Australia, and engineering and testing centers in the U.S., Japan, France, Germany, Spain and Nigeria (Jackson, Donald1989). Based on this, the study hunted to investigate the Influence of After- Sales Services on Customer Retention: A Particular Reference to Otis Elevators and Escalators Nigeria Limited in FCT - Abuja, Nigeria.

Statement of the Problem

Nowadays, market place is more customer concerned in the sense that business operators determined to satisfy its customer by meeting their needs and preferences through effective service delivery. After-sales services play a significant role in customer retention. After-sales services policy is very significant because it helps to ensure that customers are satisfied with the products purchased from the reputable firms predominantly in case of eventuality or challenges from the products (equipment) purchased, customer receive assistance of installations services and replacement services as a part of customer and firm's agreement . Consequently, the researcher have conducted a preliminary investigation on Otis Elevators and Escalators Limited through the customers, it was revealed that Otis Elevators and Escalators Limited place a high cost for overall after- sales services inspection, installations / maintenance services takes many days before the firm response to its customer complaints due to non-availability of repair spare parts at a time of need . Therefore, the researcher mindset was to investigate the influence of After- Sales Services on Customer Retention: A Particular Reference to Otis Elevators and Escalators Nigeria Limited in FCT - Abuja, Nigeria.

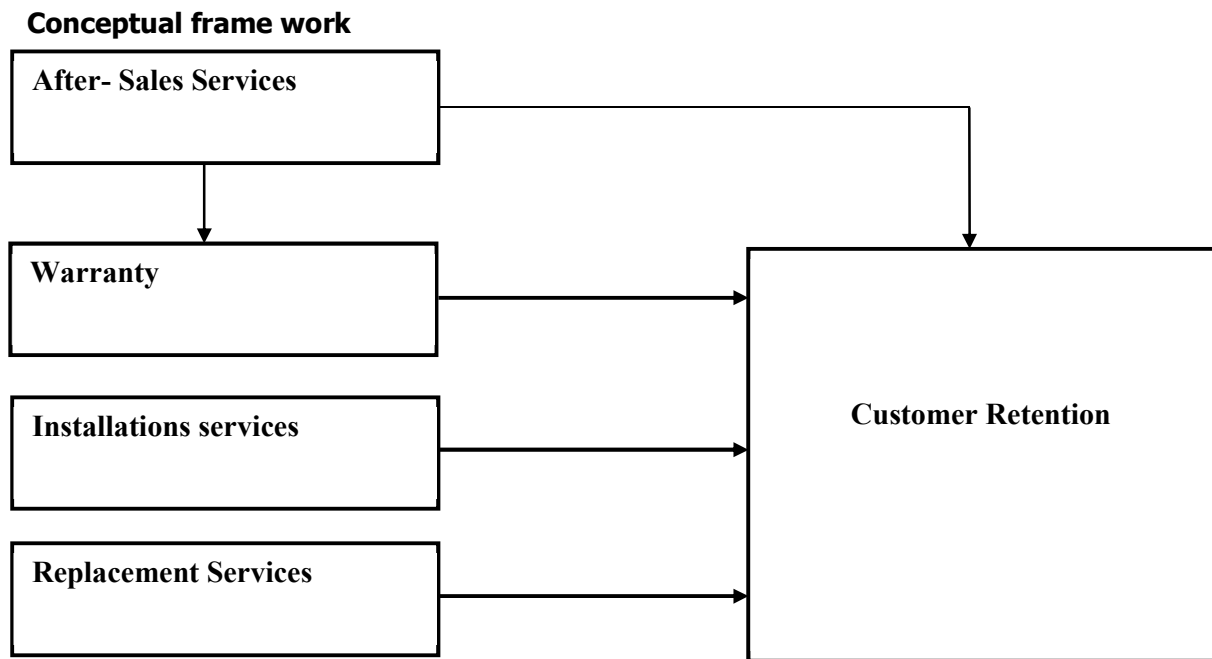


Figure 1: Proposed researched model.

Research Objective

The study over-all objective was to investigate the influence of after- sales services on customer retention with a particular reference to Otis Elevators and Escalators Nigeria Limited in FCT - Abuja, Nigeria. The specific objectives includes:

1. To evaluate the influence of Otis Elevators and Escalators warranty on customer retention.
2. To know the influence of Otis Elevators and Escalators installations services on customer retention.
3. To examine the influence of Otis Elevators and Escalators replacement services on customer retention.

Research Questions

1. What influence does Otis Elevators and Escalators warranty has on customer retention?
2. What influence does Otis Elevators and Escalators installations services has on customer retention?
3. What influence does Otis Elevators and Escalators replacement services has on customer retention?

Research Hypotheses

Ho₁: Otis Elevators and Escalators warranty has no significant positive influence on customer retention.

Ho₂: Otis Elevators and Escalators installations services has no significant positive influence on customer retention.

Ho₃: Otis Elevators and Escalators replacement services has no significant positive influence on customer retention.

Literature review

After –Sales Services

Different meaning have been giving by different authors about after-sales services. According to

Rigopoulou, *et al* (2008), cited in Raphel (2018), after-sales services refer to services provided by reputable firms to its customer after the products or services have been delivered or conveyed. Urbaniak (2001), asserted that. After-sales services are sets of activities perform by company to its potential customers after buying its preferred product that minimize potential difficulties related to the product use and, exploit the value of the consumption knowledge. Cavalieri, *et al* (2007), stressed that, after-sales services remain as an activities engage by firms into sales /services business take place after the product purchase to backup customers in the usage and delivery of the product to customer destination. The purpose of these sets of activities is to enhances customer satisfaction, customer retention and customer loyalty.

Warranty

Modern business today adopts warranty as marketing strategy to retain its potential customers. Warranty is a vital dimension of after-sale services which is provided by reputable organizations for the purpose of satisfying its customers and increase customer patronage of firms preferred products. According to (Hitesh, 2023), Warranty is a legal agreement between the customer and manufacturing firm base on products or services quality. In the spite of (Kumar, 2014), product warranty is the guarantee a producer of a product or services convey to the customers concerning the firm preferred product or services quality and what recompense will be given to the customers if the product does not accomplish as promised. Generally, in customer and manufacturer contractual agreement, warranty term and condition begins at the period of delivery or establishment and, document specifies what is guaranteed and what repairs or replacement will be performed to ensure the assured quality of the product or services, fulfill the conditions (Bei, 2008).

Installation services

Generally, all products manufactured and lunched in the market place are eligible to have category of manual for operational activities. These manuals contain rudimentary information for the product usage for the first period. Pre-Installation services are those service rendered or provided by manufacturing firms to its potential customer to enhance customer satisfaction and customer loyalty (Aashish, 2023). According to Hitesh (2023), majority of companies today providing good installation services, the purpose of this is to maintain firms and customers relationship, promote the image of the company and enhance customer satisfaction, customer retention and customer loyalty. Industrial machinery, electric household items, Copier machines, require technical expertise installation. Providing a demonstration is also a part of installation wherein the customer service team install the product and demonstrate the functions of the product.

Replacement services

In business transactions sales / services firms provide free replacement of their product as a marketing strategy to retain its customers, also this free replacement of the product is done for a limited period of time by the firms in case of any eventuality. This service originates with proper terms and conditions are associated with it. But, after sales services of the product, lasts only a few period of time (Hitesh, 2023). Replacement can be either of the entire product or part only. The replacement of the product is eased with a refund or another product from the same firm, though each firms has a dissimilar procedure.

Customer retention

Generally, in marketing perspectives customer retention has been identify to be an operative means to reduce costs and yield financial benefits. Acceding to Peppers and Rogers (2011), cited in Veera (2019), customer retention entails the activities that built by firms in order to maintain the customer relationship active and retain the profitability level of the customer. Customer retention is the continuous maintenance of long-term business relationships with by organizations (Buttle, 2009).

METHODOLOGY

The study adopted explanatory research design type and survey method. The population of the study include thirty five (35) respondents (technical / non-Staff and Customers) of Otis Elevators and Escalators Nigeria Limited in FCT - Abuja, Nigeria. The study used the probability sampling techniques to choose the respondents. Taro Yamane statistical techniques was used to determine the sample of thirty two (32) respondents as the variables are in healthier position to provide the vital information for the study. Thirty two (32) copies of questionnaire were administered to the respondents, out of the thirty two (32) copies of questionnaires distributed, twenty five (25) representing 93% were returned, valid and used for the analysis, while seven (7) representing 10% were not returned. Four (4) points likert scale rating types ranging from (1) strongly agree (2) agree (3) disagree (4) strongly disagree was adopted and Pearson coefficient correlation analysis was used to test the hypotheses. Reliability test was conducted through Cronbach Alpha which the least value of the constructs is greater than > 0.7 which is accepted as a reliable degree analysis. The table below illustrate the variables and Cronbach Alpha test result.

Table 1: Result of Reliability Analysis

Construct	Cronbach's Alpha	No.of Cases	No. of Items
Warranty	0.851	25	4
Installation services	0.810	25	4
Replacement services	0.823	25	4
After sales services and Customer retention	0.812	25	4

Source; Survey Result, 2023: SPSS 21.0 Output

Table 2: Frequency Statistics

The questionnaire shows the following details: Gender, Age, Income level and Educational background.

Variables	Items	Frequency	Percentage (%)
Gender	Female	6	24
	Male	19	76
Age	35 -45 years	17	68
	45 - 55 years	5	20
	55 and above	3	12
Income Level	₦ 45,000 – ₦ 60,000	5	20
	₦ 65,000 – ₦ 80,000	5	20
	₦ 85,000 – ₦ 100,000	8	32
	₦ 105,000 – ₦ 120,000	7	28
Education Background	HND	12	48
	B.Sc.	7	28
	Master	6	24

Source; Survey Result, 2023

The summary of frequency statistics analysis . The above table indicated that, out of 25 respondents, genders: female 6 respondents representing (24%), male 19 respondents representing (76%) respectively. Age bracket: out of 25 respondents, 17 respondents representing (68%) attained 35 -45 years, 5 respondents representing (20%) attained 45 - 55 years and 3 respondents representing (12%) attained 55 and above. Income level: : out of 25 respondents, 5 respondents representing (20%) earned, ₦ 45,000 – ₦ 60,000; 5 respondents representing (20%) earned; ₦65,000 – ₦ 80,000;; 8 respondents representing (32%) earned ₦ 85,000 – ₦ 100,000; 7 respondents representing (28%) earned ₦ 105,000 – ₦ 120,000. Educational background: out of 25 respondents, 12 respondents representing (48%) are HND holders. 7 respondents representing (28%) are B.Sc. holders, 6 respondents representing (24%) are Master degree holders .

Test of hypothesis and result

Hypothesis 1: Otis Elevators and Escalators warranty has no significant positive Influence on customer retention.

Table 3: Correlations

	Warranty	Customer Retention
Customer Retention		
Pearson correlation	.089**	1
Sig.(2-tailed)	0.000	
N	25	25

**

Correlation is significant at the 0.01 level (2-tailed)

P<.05= S

P>.05= NS

Table 3 indicates that, there was a strong and inverse relationship between warranty and customer retention. Consequently, there is significant positive influence between warranty and customer retention ($r = -.089$, $p < .000$). The null hypothesis one was rejected at .05 alpha levels.

Hypothesis 2: Otis Elevators and Escalators installations services has no significant positive influence on customer retention.

Table 4: Correlations

	Installations services	Customer Retention
Customer Retention		
Pearson correlation	-.224**	1
Sig.(2-tailed)	0.006	
N	25	25

**

Correlation is significant at the 0.01 level (2-tailed)

P<.05= S

P>.05= NS

The result from table 4 indicates that, there was a strong and inverse relationship between installations services and customer retention. Consequently, there is significant positive influence between installations services and customer retention. ($r = -0.224$, $p < 0.006$). The null hypothesis two was rejected at .05 alpha level.

Hypothesis 3: Otis Elevators and Escalators replacement services has no significant positive influence on customer retention.

Table 5 : Correlations

	Replacement services	Customer retention
Customer retention		
Pearson correlation	.345**	1
Sig.(2-tailed)	.000	
N	25	25

**

Correlation is significant at the 0.01 level (2-tailed)

$P < .05 = S$

$P > .05 = NS$

The result from table 5 indicates that, there was a strong and inverse relationship between replacement services and customer retention. Consequently, there is significant positive influence between replacement services and customer retention. ($r = 0.345$, $p < 0.000$). The null hypothesis three was rejected at .05 alpha level.

The Study findings

The Study findings indicated that, after sales services has positive significant influence on customer retention and, Otis Elevators and Escalators warranty , installations services and replacement services has significant positive influence on customer retention that, warranty, installations services and replacement services are effective strategies to retain its customers. This avowal supports previous investigation flow, such as Rahel (2018), The effect of after-sales services on customer satisfaction in the case of Lifan motors and the study found that, after-sales service dimensions; Inspection, Warranty, Spare parts supply and maintenance after sales service have a positive coefficient and significant impact on customer satisfaction, and Oketrea (2017). Effect of after-sales service on customer loyalty: A case study of service firm in Kenya .The study revealed that, after-sales services has effect on customer loyalty. The findings of this study consequently describe that, after-sales services plays an important role in shaping customer loyalty in the service industries in Nigeria.

CONCLUSION AND RECOMMENDATIONS

Based on the findings of the study, it was revealed that, after-sales services influence customer retention positively. It was also discovered that, warranty, installation services and replacement services has significant positive influence on customer retention. Based on these findings, it is therefore recommended that, Otis Elevators and Escalators and other organization should implements more after-sales services strategies to retain more customers to build long term customer loyalty to gain sales volume and market share.

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