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## Analysis of Haier Home Appliance After-sales Service Recovery Illustrated by the Case of Jiaxing

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**Abstract:** Nowadays, customers' purchasing attention has changed from comparison of traditional buying factors, price or function, to measuring after-sales service. However, the failure of home appliance after-sales service will not only do harm to clients, but also cause extremely negative impacts on enterprise management and development. By making questionnaire survey of Haier home appliance after-sales service, this study learned something about this field. Finally, the study did some research and analysis on the base of this.

**Key words:** After-sales service, service recovery, customer satisfaction, customer loyalty

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### INTRODUCTION

With the level of science technology being improved and people's consumption potential being highlighted, a large number of companies chose to enter the home appliance industry. The research on service recovery attracts more and more attention and a lot of companies put "service recovery" on the agenda, even regard good after-sales service as one of the core competencies. However, although it is taken so seriously, the rate of home appliance service failure is always high and the main reason of this is that the remedy method is still based on experience and lack of theoretical guidance. For all that, by choosing Jiaying Haier home appliance after-sales service recovery as a representative and looking on service recovery method as a starting point, the author dissected the impact of home appliance service recovery on customer satisfaction and behavioral intention from a new perspective; at the same time, the author did an empirical analysis of the gotten data by carefully arranging a deal of literature and investigation; at last, the author proposed a quantitative conclusion different from the previous studies which can be a theoretical guidance and a basis for decision making.

### LITERATURE REVIEW

Service is of intangibility, heterogeneity and its production or consumption is synchronizing. These features of service make service failure be inevitable. Gronroos (1988) defined service recovery as

"the actions which service providers take to tackle service failure". Nowadays, service recovery most widely means that service providers take positive measures to make up for customer losses and save the service failure. It can be an effective solution to decrease the customer complaint behavior. Varela-Neira *et al.* (2008) considered that effective management of service failure and timely treatment can keep product consumer satisfaction. Tsai and Su (2009) pointed out that successful service recovery is a catalyst of customer satisfaction and can evoke positive reputation, moreover, can enhance enterprise relationship with customers. The domestic scholars. Yang (2011, 2012) thought that if enterprises give a proper service recovery, perhaps, they are able to increase consumer satisfaction and "recovery paradox" phenomenon may appear, then the consumers' intention to spread positive word of mouth and repurchase can be refined. The study of service recovery satisfaction influence factors is concentrated on its expectations and other relevant factors. Karande *et al.* (2007) proposed the concept of "remedies voice", they thought between service failure and service recovery, there should be a link which can enable enterprises to initiatively know about customer complaints and seek for opinions. Doing like this, customers could get higher procedural fairness perception and generate higher satisfaction, therefore, enterprises can improve service recovery effect as well. If customers have a high quality relationship with institutions, the compensation in service recovery process won't affect consumer behavior intention. The Chinese scholars Meng and Sun (2011) thought service

recovery types can be classified into two categories: The heart level and the substantive level and the managing ways can be explanation and compensation. In general, customers prefer substantial compensation and it will bring forth more satisfaction than the non-substantive compensation. Song and Ji (2013) put forward that service recovery system is a complete system composed of regulatory official, decentralization, customer participation, synthesis, availability, staff training intensity and resource input strength and they built service recovery performance model where the seven dimensions of service recovery system play as the source. Some relevant scholars have carried out researches on relationship between service recovery measurement, culture, relationship quality, population attributes, service failure type, customers' knowledge and experience. Different background and experience will lead to different effect of service recovery strategy.

Seeing from the above literature, since service recovery was proposed, a great number of scholars have done many studies on the importance of service recovery, dimensions, strategies and influence factors. This study sorted service recovery influence factors into service recovery communication factor, service recovery process factor and service recovery structural factor. Then, the paper made correlation analysis between Haier home appliance service recovery effectiveness and the above three. Having finished these, the paper put forward connected suggestions. In a word, this study is the complement of the exiting research.

## **RESEARCH DESIGN AND DATA COLLECTION**

**Survey background:** With home appliance sales market turning from sellers' market to buyer' market, the competition among enterprises has become fiercer and fiercer. Consumer purchasing attention gradually transfers from the comparison of products' price and function to measurement of after-sales service. Home appliance after-sales service failure does hurt to clients and the consumer complaint, customer losing, customer complaints it brings about will bring home appliance manufacture and its after-sales service units series of losses, ranging from the brand image to customer loyalty and customer satisfaction. After-sales service failure have serious negative impact on business operation and development. Service recovery has a significant influence on customer perceived quality of products, service satisfaction, loyalty and behavioral responses. The effective recovery can make up for the losses that service failure causes, even consolidate and improve consumer satisfaction. In order to help home appliance enterprises

do a good service recovery and reduce the losses resulting from service failure, this study chooses Haier home appliance service recovery as the investigation object and gradually carries out the survey and research work. The specific courses of the study are as follows.

**Survey content and methods:** This study mostly uses questionnaires to collect information and the survey object is urban residents of Jiaxing area and the sample information is as shown. The proportion of male and female in this investigation is almost equal and this ensures the fairness to the survey results. The persons whose age are between 18-55 years account for 97.74% of the total number of samples and whose wage are more than the income of 1,500 Yuan account for 91.09%. The people qualified with a college degree or above account for 88.28%. This kind of population has the demand for appliances consumption and has enough money to buy home appliances, so, above conditions ensure credibility of the study either.

As said in preamble, this study mostly used questionnaires to collect information. On March 25-April 10, 2012, the author firstly made random sample surveys in Haier major after-sales service center, as Gome, Suning and other places but for some remoter regions, the author mainly used telephone surveys and online surveys to get data. The main content of the survey are awareness or attitude of Haier home appliance after-sales service recovery and consumer behavior generated by Haier home appliance after-sales service. I issued 240 questionnaires in total and recovered 231. In the investigation, the recovery rate is 96.25% and efficiency rate gets to 92.5% with 222 questionnaires being valid. When finished collecting questionnaires, I used Excel and SPSS to make statistical analysis of the gotten data and got the findings.

## **INVESTIGATION RESULTS AND ANALYSIS**

### **Influence factor analysis of service recovery effect** **Service recovery communication factor**

**Basic analysis of service communication factor:** When customers need after-sales service recovery of Haier home appliances, they usually considered "admissibility attitude" firstly and this primary factor accounts for the biggest proportion than others. In this investigation, the number of consumers who thought this factor at first reaches 85, accounting for 38.2%. Meanwhile, the number of consumers who firstly reflected "the effectiveness of admissibility" and "attitude of service personnel" respectively take up 25.5, 22.1% and who firstly thought "sufficiency of communication" is

minimum, only sharing 14.2%. From those, we can see that in remedial process, what the people who happen to need Haier home appliance after-sales service think most is “accepting attitude”. And this phenomenon also reflects the poor attitude of after-sales service recovery communication in current home appliance industry. Therefore, it is necessary for Haier home appliances to put good accepting attitude at first place in service recovery process and an appropriate increase in service recovery processing efficiency will not seriously affect service recovery effect, because, for customers who put more attention on “admissibility attitude”, this can be accepted.

**Correlation analysis of gender and whether focus on admissibility attitude:** Using SPSS software to analyze the gender attribute and whether focus on admissibility attitude, I found their correlation coefficient in the sample is 0.019, saying the correlation between the two is very small. And their two-tailed significance probability  $\text{sig} = 0.777$ , larger than the confidence interval 0.05, meaning the correlation coefficient may be 0, so the two are not significantly related. All of these indicate that the gender and whether focus on the admissibility attitude factor are unrelated. No matter he or she is male or female, he or she holds a same view of admissibility attitude. Admissibility attitude in service issues handling process has a direct impact on consumer service recovery satisfaction.

**Correlation analysis of gender and service personnel attitude:** Gender will affect people's view of things but in the sample, the correlation coefficient between gender and whether value the attitude of service personnel is -0.023 and the two-tailed significant probability is 0.733 which is bigger than 0.05. This indicates the correlation coefficient may be zero, so there may not exist significant correlation. Gender and attitude of service personnel don't have relation and both male and female will not have a different consideration on service personnel attitude. Whether the customer is male or female, the attitude service of personnel will have the same impact and it directly affects consumers' evaluation of the service recovery effectiveness.

#### **Influence factor analysis of service recovery effect Service recovery process factor**

**Basic analysis of after-sales service issues:** The home appliance after-sales service belongs to derivatives and is a part of product. Good after-sales service can increase customer satisfaction and acquire customer loyalty. Seeing from the analysis of the causes of Haier brand appliance after-sales service, we can find that the largest proportion is “Repeatedly maintenance”, accounting for

22.97%, followed by after-sales service resulted by “replace the parts”, accounting for 20.27%. Except this, “Service personnel operating errors” take up 17.57%, which is the third one. Thus, improving the quality of product maintenance in after-sales service, ensuring the timely supply of spare parts and giving Haier appliance service personnel good skills and service standards training will play an important role in reducing the problems of service recovery, increasing customer satisfaction and enhancing customer loyalty.

In addition, the poor quality of home appliances is also an important reason for generating appliance service issues and this number is 32, only smaller than the number of the service staff operation failure. Therefore, Haier appliances need to improve product quality and reduce service failure radically. If service failure happens, Haier should improve the audit speed of returned products with serious quality problems in the after-sale process, protect consumer benefits and improve service recovery satisfaction.

#### **Analysis of haier appliance after-sales service tracking time:**

In Haier appliance after-sales service process, the length of finishing time is one of sensitive factors that consumers think. As shown in graph 1, no matter how long the tracking time, the number who feel “normal” is the most. This can be caused by Chinese Traditional Doctrine of the Mean Thought and bad Haier appliance after-sales service. Except the “normal” ones, we can find that when home appliances service recovery is accomplished within “three hours”, the number of persons who feel “very satisfied” or “satisfied” will be more than the number of persons who feel “unsatisfied” or “very dissatisfied”; when the time is “less than one day”, the number who feel “unsatisfied” or “very unsatisfied” is nearly to the number who feel “very satisfied” or “satisfied”. On the other hand, when the time is “1-3 days” or “more than 3 days”, the people who feel service recovery “unsatisfied” and “very dissatisfied” will increase largely and its proportion will be greatly improved and the number of it will surpass the number of the consumers who feel “very satisfied” and “satisfied”. “Within one day” is the inflection point of Haier appliance after-sales service tracking time. Once the tracking time is more than one day, will the consumer satisfaction of service recovery drop sharply.

However, the Haier service issues which can be resolved “within three hours” and “less than one day” are only 85 cases, accounting for 38.3% and the ones which can be resolved “within three hours” are less than 20%. Otherwise, the remaining 137 after-sales service issues are solved within “one day to three days” or “more than three days”. The response speed of Haier service

recovery and consumers' high demands of time are contrast stiffly. So shortening the processing time of Haier appliance service redress and controlling the processing time within "less than a day" will enhance the service recovery success rate and enhance consumer after-sales service recovery satisfaction.

**Correlation analysis of service personnel and service satisfaction:** For customers, in a home appliance after-sales company, the most important person in charge of the unit is not service manager but the service personnel that directly contracts with them. The impression of these door-to-door service personnel on consumers directly determines their perception of this appliance brand. In the investigation and analysis, the correlation coefficient between service personnel's professional level and service recovery satisfaction is 0.649 and the two-tailed significance probability  $\text{sig} = 0.000 < 0.05$ , showing there is a significant high positive correlation between them. High professional technical ability of service personnel can substantially increase service recovery satisfaction. The correlation coefficient between service personnel attitude and service recovery satisfaction is 0.809 and the p-value is zero. From this, we can see that comparing with service personnel professional level, their attitude has a higher positive correlation with service recovery satisfaction. When giving a after-sales service, if service personnel show respect/care to consumers, customers' negative emotions generated by service issues will be reduced. Besides, the respect can create a substantial increase in service recovery satisfaction, thereby raise customer loyalty.

#### **SUGGESTIONS TO HAIER AFTER-SALES SERVICE RECOVERY**

The effectiveness of home appliances service is affected by various factors and Haier appliances need to improve the success rate of after-sales service recovery from improving service attitude, increase processing speed of internal mistakes and adding material compensation, etc. We should ameliorate after-sales staff service attitude, improve service personnel door-to-door service awareness and require service staff regard being serious and responsible, proactive, enthusiastic, patient, attentive and polite as work principle. At the beginning of service recovery, we ought to make consumers produce intimacy, hot emotion, earthy sense and sincere sense to raise service recovery satisfaction. In the meantime, it's necessary for us to foster customer loyalty awareness, strengthen after-sales service parts supply, improve the technical level of after-sales service personnel and shorten time of service recovery to

enhance customer satisfaction by improving efficiency. In the process of dealing with service issues, we need enhance consumer material compensation strength to fully make up for their economic loss and reduce negative emotions of consumers to build up consumer brand loyalty. So long as we adjust attitude, speed and compensation, etc., will Haier home appliance service recovery situation be changed.

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