

Report reveals customer aftermarket is afterthought for manufacturers

The customer aftermarket has become an afterthought for makers of home appliances, power tools, consumer electronics and other durable goods. Manufacturers and their retail partners have differing opinions when it comes to ensuring a valued, satisfying and profitable product ownership experience.



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New research among consumer, marketer and retailer audiences by the Chief Marketing Officer (CMO) Council and LiveTechnology highlights the need for leading brands in the \$12tn consumer durables market to improve commitments to quality aftermarket service, 24/7 multi-channel customer support, and timely and efficient repair and parts replacement that is not dependent on retail partners.

The new report released entitled, *Elevate what consumers appreciate: Increase brand attraction by upgrading ownership satisfaction*, notes discrepancies in how manufacturers and retailers view and approach post-purchase revenue, profit and relationship-building opportunities in the aftermarket service sector.

Despite the fact that 93 percent of manufacturers view ownership experience as important to the business and a significant brand differentiator, they lack leadership, focus and commitment to realising revenue and profit from the aftermarket business. Only 19 percent of manufacturers derive more than 10 percent of their revenue from aftermarket services, and only 20 percent generate more than 10 percent of their profit from this area. This compares to 65 percent of retailers who source more than 10 percent of their revenue and 51 percent who earn more than 10 percent of their profit from the aftermarket.

Aftermarket services is a strategic area of focus

Just 45 percent of marketers representing manufacturing companies say their companies view aftermarket services as a strategic area of focus and essential to customer experience and business success. This compares to 56 percent of marketers from retail organisations.

While 71 percent of manufacturers believe their level of ownership satisfaction is excellent or very good, retailers are not as sanguine. Only 26 percent give manufacturers the same ranking, with another 31 percent saying it varies greatly by brand. In fact, 61 percent of retailers say they play a significant role in advancing the ownership experience and helping manufacturers distinguish their brands in the aftermarket service sector.

"While top management on the manufacturer side is strongly committed to creating customer-centric cultures, they don't appear to be giving CMOs the responsibility to take ownership of the aftermarket as a revenue and margin opportunity or a critical area of customer loyalty-building and brand attachment," noted Donovan Neale-May, executive director of the CMO Council. He pointed to findings in the research that showed less than 10 percent of chief marketers had responsibility for this area of operation, and it was mostly fragmented across multiple titles and functions.

Earlier this year, consumer research by the CMO Council and LiveTechnology entitled, *Product ownership: Lasting satisfaction or painful distraction?*, revealed that nearly 35 percent of 2,000 North American homeowners surveyed rated product manufacturers as poor or needing improvement. Some 60 percent of poll participants rated their post-purchase experiences with manufacturers as underwhelming, and 56 percent were disappointed with service from retailers and eCommerce sites.

The CMO Council's online survey of 150 marketers, evenly split between retail and manufacturing decision makers, was fielded in Q2 2017. Most notably, there was some discrepancy between what manufacturers said they were doing to upgrade the ownership experience versus what retailers thought manufacturers should be doing. Here are the top five recommended strategies by the two groups:

Manufacturers

Building out our eCommerce portal for direct sales and online/mobile service	40%
Reviewing and expanding our aftermarket service offerings	33%
Integrating customer data from path to purchase to all areas of ownership	27%
Ensuring all replacement parts and product information are readily available	27%
Evaluating our customer lifetime relationships	23%

Retailers and distributors

Evolving to an omni-channel model for customer experience management	43%
Evaluating customer lifetime value and relationships	40%
Building out an eCommerce portal for direct sales and online/mobile service	33%
Integrating customer data from path to purchase to all areas of ownership	30%
Ensuring all replacement parts and product information are readily available	27%

"Customer advocacy should be the lynchpin of marketing for all brands as the primary driver of the purchasing decision is the sharing of information between friends and family and by other owners (e.g., ratings, reviews and forums)," explained Wayne Reuvers, CEO of LiveTechnology. "As product owners constantly rely on their mobile devices to access relevant information on the things they own (manuals, specifications, parts, accessories, advice, etc.), a consistent, intuitive experience will turn owners into advocates that positively communicate their brand experience. Frustration, on the other hand, results in strong negative posts."

The "Elevate What Consumers Appreciate" report includes findings from both the marketer and consumer surveys, as well as in-depth interviews with brand leaders at companies like Ace Hardware, Casio, Dell, DeLonghi, Electrolux, Emerson, Janome, JD Power, Kia Motors, Keurig, Lennox, Lenovo, Microsoft, Samsung, Vitamix, Wally/Sears, Whirlpool and Yamaha. Source the full 88-page report and a complimentary executive summary by clicking [here](#).

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