

## **A Study on Customer Satisfaction and Perception on AFCI OEN, Kerala**

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**Abstract:** *The study was initiated as mean to monitor the satisfaction level of customers of AFCI Connectors Ltd, from various segments to which the company is catering its products. The product of AFCI with respect to various operational parameters was compared with those of its nearest competitors at major customers in all the segments served by the company. A Research Instrument (questionnaire) was designed with considerable input taken from the various departments and levels of management within the organization. Respondents were asked to pitch against the performance of competitors based on the factors - Quality, Delivery, Service and Price. The segments catered by AFCI are non-automotive. The sample size was determined from the whole population of 300 customers to 30 customers based on the common customers of AFCI and the related competitor suppliers. All the selected customers responded to the questionnaire and the feedback were compiled and the necessary calculations done to compute the various satisfaction indices. The results generated from this study serve as inputs to continuous improvement programmes indicated upon the present working standards and also give insights into the ever-changing customer needs which will help the company in fine tuning on their products/services to best suit the requirements of the customers.*

**Keywords:** Customer satisfaction, Quality, Delivery, Service, Price

### **Statement of the Problem**

Every company should be ensuring customer satisfaction for creating loyal customers. Measuring customer satisfaction is always a challenge, as customer either would not disclose or sometimes do not assess their satisfaction level clearly. Many times the customer cannot specify the reasons for his satisfaction.

As we know that customer is the king of any business, it is essential to understand the expectation and perception of customers towards the product and their needs and wants. It serves as a feedback from the consumer and provides the companies the message regarding the consumer attitudes, companies' position, competition, opinions of the consumer regarding the product etc. Now-a-days almost all the companies involve in collecting the data from consumers regarding their product and brand. They employ marketing people to let them know the customer satisfaction and perception. By keeping all these points in mind, customer satisfaction and perception play a vital role for any organization, this project does the same.

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### **Importance of the Study**

The study is an attempt to gain knowledge on the customer's perception of the performance of AFCI in terms of the products and services that are offered to them. The purpose of the study is to ensure periodic (annual) monitoring of customer satisfaction levels based on the indices computed on the various aspects like Quality, Delivery, Services and Price. These findings will serve as important and key inputs towards the company's future planning process as well as continuous improvement programmes.

The study will also provide insights into the changing customer preferences, needs and experiences to that the resources of the organization can be channelized to meet or exceed the requirements of the customers.

### **Objectives**

1. To analyze the customer satisfaction levels of customers at present conditions.
2. To analyze the customer satisfaction indices and appraise the progress, if any.
3. To recommend measures for the improvement of satisfaction levels

Overall objective of the study is periodic monitoring of customer satisfaction index, as means to fulfill the mandatory requirement for supply of connectors to customers worldwide in Tier 2. The frequency of the study is annual and the number of customers covered under the study is chosen as per statistical analyses of the various markets that the company caters.

The output of the study also forms valuable input to the continuous improvement programmes which is also mandatory.

### **Scope of the Study**

AFCI Connectors Ltd has a wide customer base of around 300 customers in the local and export market combined with a last year turnover of 2300 Million Rupees. The sample size was determined from the whole population of 300 customers to 30 customers based on the common customers of AFCI and the related competitor suppliers. Statistical analysis of each segment helped to arrive at the final customer list, which was to be taken up for the study.

Even though AFCI supplies quality products at competitive prices, recently it is observed that number of customer complaints is increasing. Hence it is necessary to have a critical study on this aspect to keep the customers happier in the present competitive market conditions. Moreover as a part of QS 9000 certification, the company has to conduct periodic customer satisfaction studies and compute customer satisfaction index. While considering the customer aspects there are mainly four points to be addressed, i.e.; Price, Quality, and Service and On-time delivery. This study is to analyze the present situation and if possible to suggest some solutions for improvement.

### **Limitations**

- Non-probabilistic method was used in the study with no equal opportunities to all the other customers.
- Sample size was limited to 30 customers from the whole population of 300 customers.
- The responses received from the customers may be biased even if the researcher has taken precaution to get accurate information.
- The competitors selected were based on commonality of customers with AFCI which equal opportunity of comparison with the rest of the competitors were not possible.

## **Research methodology**

### **Research design**

The research design used was exploratory and analytical in nature

### **Data Collection**

#### ➤ **Primary Data**

Primary data was collected through a structured questionnaire. It has questions of both multi-choice questions and open ended type.

#### ➤ **Secondary Data**

The company website as well as other relevant publications were also used. Secondary data sources were journals and manuals on the subject matter which gave the researcher information about the various factors affecting the customer satisfaction and perception.

### **Population**

Size was determined from the whole population of 300 customers to 30 customers based on the common customers of AFCI and the related competitor suppliers.

### **Techniques of Sampling**

The sampling method applied here to select the required sample size is non-probabilistic sampling method which is used to determine the 30 customers from the whole population of 300 customers. As the company has a wide range of customers from different sectors and the study was done with comparison of three other suppliers, common customers were selected using judgment method.

### **Sampling Size**

A sample size of 30 customers and 4 suppliers including AFCI had been taken for making the study.

### **Tools Used**

Percentage analysis method, correlation and chi-square analysis - these methods were used for the analysis of data in this study.

### **Findings**

The findings of the study are summarized as below:

- It is noted that the performance of AFCI in all sectors is above par of those of the nearest competitor. AFCI Connectors Ltd has performed well over its competitors in the non-automotive sectors and on par with competition in the industrial sector.
- With this performance it is noticed that AFCI connectors Ltd need to improve in the area of delivery and service. There was one respondent who had voiced his dissatisfaction with regard to delivery performance.
- The strengths of AFCI are identified as quality and price. In all the sectors to which it caters, the performance has been consistently better than that of nearest competitor.
- Price performance studied separately finds that for Non-Automotive price index is slightly lower compared to competitors.

## A Study on Customer Satisfaction and Perception on AFCI OEN, Kerala

- AFCI has better CSI for all segments (Quality, Delivery, Service, and Price) than its competitors.

### Suggestions

- Company may take measures to introduce new variety of products with lesser price without compromising quality, to attract more customers.
- Company should try to find out new markets outside India which will help to target more customers
- Considering the competitive situation, the company should improve supply and distribution networks
- The company should fix the responsibility on dealers to conduct customer survey at regular intervals. This will help to know the customer needs and create a good impression about the company which may result in repeated purchase too
- It is suggested to maintain cordial relationship with customers
- Company should concentrate more on electronic media promotions as they are more attractive to the customers.
- Company should increase the sales promotional activities.

### Conclusion

The Customer Satisfaction Index for AFCI Connectors for the year 2015 has been successfully computed taking feedback from its major clients.

- The indices were compared with the corresponding indices calculated for year 2015 and the trends in the indices are studied.
- Based on the trend in indices year over year, measures for improvement of weak areas are suggested as under.

Even though the study has indicated performance indices on par or better than that of the competitors, there are a few areas of concern.

The first and the foremost is the dissatisfaction with regard to the delivery performance of the company. The general feedback is not satisfactory and hence measures are to be initiated to correct this situation.

As an action plan to this problem area, the company runs a continuous improvement programme on “On Time Delivery Performance” (OTDP). The delivery performance of the company is continuously monitored on the basis of each line of shipment made to the customer. The study is conducted in comparison to the “Requested delivery date” by the customer as well as “1<sup>ST</sup> promise date” given by the company. The company runs on an MRP system called MFG PRO from which reports on deviation made to the promised date are taken on a line basis. The past months have seen tremendous improvement on the OTDP based on promise date and performance of well above 95% is achieved. The target fixed for this is 100% on time to promised date, which is to be achieved this year.

Based on the requested date given by the customer, the performance remains very low at an average 65% on time. This is particularly due to the non-realistic delivery dates requested by the customer.

Price is another factor of dissatisfaction to the customer, which has been highlighted in the study. AFCI due to its inherent high overheads does have a higher cost structure compared to its competitors.

But taking into consideration its scale of operation, benefits of economies of scale should work positively towards reduction of this dissatisfaction. Continuous improvement programmes to look for better operational excellence and material procurement alternatives are being worked at, which has yielded substantial results in the last months.

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