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Post-Sales Support for On-line Product Sales:
The Challenge Facing Small Global Firms

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Abstract

This article presents the case of a small French firm selling software products to businesses, both large and small, and the challenges it faces as it grows globally through electronic commerce. In particular, the post-sales service function is among the most pending issues. The case illustrates the need for the effective development and maintenance of virtual partnerships to handle various phases of the marketing cycle.

Introduction

One of the promises of electronic commerce is that local firms in any country will be able to pursue global business. There are two perspectives on the effect of electronic commerce on local businesses: (1) that the web enables small local business to go global in an efficient manner, hence expanding sales and profitability and increasing the ability of small firms to compete or (2) small local firms will be unable to compete against the large multinationals able to reach markets and maintain even greater economies of scale than heretofore possible. There is support for both perspectives. On the one hand, most sales to consumers is still done to local consumers (La Plante, 1997), perhaps for language facility, perhaps for faster delivery time, perhaps because of issues such as trust, giving weight to the argument that local firms will be preferred both online and off. On the other hand, there are many success stores of firms selling successfully globally, lending weight to the argument that local firms might be in jeopardy. However, the majority of the success stories, such as Amazon, 1800Flowers, CDNow have been from small-medium sized companies in the business-to-consumer segment selling small ticket items (less than $100) that do not require heavy after-sales customer support. For larger ticket items and business-to-business commerce, brand name recognition will be significantly more important. Indeed, there have been few examples of small firms in the business-to-business market, particularly in the sale of goods rather than services, successfully operating globally. In the business-to-business market, the larger firms with recognized names might indeed pose a threat to small local firms. This article presents the challenges of one small company engaging in business-to-business electronic commerce on a global basis. The methodology employed was personal interviews with the owner and president of the company. Supplementary information was obtained from the organization's web site and from Borzo (1997). Section 2 briefly presents the case; Section 3 discusses the implications and conclusions.

Case Description

Traitement Cooperatif et Integration des Systèmes (TCIS) is a Paris-based firm offering various software that can be described as middleware to interface between AS/400 machines and Windows. TCIS currently has 15 software products ranging from AS/400 communication tools, electronic document management tools, client/server development tools, Internet/intranet tools, and decision support tools. All of the products are available for sales online (www.tcis.fr) and, since 1996, the software and manuals have been translated into English from the original French and demonstrations are available online. Mr. Charbit estimates that currently 75% of his sales are done electronically and of his current 800 clients, the majority reside outside of France, a remarkable accomplishment for a small local firm.

TCIS currently has 15 employees: in addition to Mr. Charbit, there are 10 engineers in research and development, two administrative assistants, one technical support engineer, and one engineer responsible for sales and support in North America. All individuals are physically located in the Parisian office except for the engineer responsible for North America who was recently relocated to New York in TCIS' US subsidiary, SystemsObjects (www.systemsobjects.com).

A little over a year ago, Mr. Charbit decided to open an electronic commerce site for marketing and sales. In his view, his product represented a prefect fit for electronic commerce: the purchaser, systems' developers in medium and large sized organizations, would likely have Internet access and the technical curiosity to try new software. In addition, his product could be delivered online. Mr. Charbit uses the Internet for all phases of marketing: first is the product advertising, then he has

demonstrations of the software products available online. While one can read the information without entering any identification information, in order to download the demonstrations, one must complete a short questionnaire. Mr. Charbit uses the responses to the questionnaire to determine if the individual is a real prospect or a technically curious individual with "too much free time." A record is kept of which software products an individual demonstrates and the individual is emailed information about related products or upgraded versions. If the individual requests to not receive any additional information, the file is closed but otherwise, email is used to continue to send promotional material as appropriate to the potential customer's interests. For individuals choosing to purchase a product, it is possible to pay online. Because the product is delivered online as well, there are no customs or delivery charges or delays.

One of the major challenges Mr. Charbit has experienced as his sales have grown internationally has been the need to support an international client base across multiple time zones and with multiple languages. He currently has the single individual in Paris responsible for support but this is quickly becoming a challenge. To cope with the growing international client base needing post-sales support, Mr. Charbit is franchising TCIS to partners in other countries. He currently has franchises in Germany, Belgium, and Japan and is looking for additional partners. His strategy has been to let potential interested partners approach him. However, with sales continuing to grow and the international client base expanding, the possibility of losing control over the support, and hence, the client relationships, is a major concern. Mr. Charbit therefore decided to handle the initial marketing with TCIS-France. Of the post-sales support, Mr. Charbit estimates that 80% of technical questions result from individuals who failed to read the documentation. This 80% he allows the franchises to handle. As for the 20% of questions that reflect limitations or bugs with the software, these he keeps for TCIS-France so that he can learn of needed changes to the various products. For the future, Mr. Charbit is considering using the Internet to develop electronic forums for clients as an additional means of support, is pushing to enable electronic payment through the French site, and is considering how to effectively handle the partnership arrangements.

Discussion

Palvia (1997) suggests that electronic commerce can influence all six phases of the marketing cycle. TCIS is using electronic commerce in all phases (see Table 1).

Table 1. The Electronic Marketing Cycle at TCIS

Marketing & Research	Promoting & Advertising	Questions & Negotiations	Ordering, Shipping,	Payments	After-Sales Support
Online Potential Client Questionnaires Use Customer Support Questions for New Product Ideas	Online Product Information Online Product Demonstrations	Electronic Mail accessible via the Web site	Online orders Online shipping	Online via credit card* *US Site Only	Electronic Mail for some problems Electronic Client Forums* *Planned

Gogan (1997) suggests that in terms of after-sales support, the trends in the 1990s with Internet-based marketing are email, bulletin boards, proactive field service, and rapid identification of problems. Likewise, Palvia (1997) suggests that the after sales support phase can benefit from the Internet by using emails, documentation of frequently asked questions, chat sessions with experts, and video-conferencing. In many cases, electronic support may be very effective. Yet for technical products, customer support needs are complex and there is little reason to expect that electronic written forms of support will be any more successful than paper written forms (i.e., documentation). In addition, the support function is the source of new knowledge about needed capabilities of future software versions and hence, the support function itself is imbued with competitive importance. Hence, decisions on how to effectively manage post-sales support are of strategic importance for firms in an industry where customer support needs are high.

The case of TCIS suggests that, in such environments, the final phase of the marketing cycle is the most challenging to sustain for a small local firm having gone global and the most difficult to achieve electronically. Indeed, it is one thing to advertise and sell over the web to a global customer base, it is another thing to support this expanding base, particularly for products which require extensive post-sale service requiring 24 hour availability. Small local firms can handle the support problems in several ways: hire additional people centrally, open small subsidiaries in foreign countries, partner with or franchise to individuals/firms in foreign countries. Table 2 summarizes the major advantages/disadvantages of the approaches. The third approach may prove to be the most practical and economical; however, it presents many challenges of its own, namely the identification of potential trustworthy partners, the determination of what parts of the marketing cycle to partner out, and the maintaining of quality relationships with clients despite the loss of central

For small firms in traditional markets, close ties with partners characterize the most critical business relationships (Uzzi, 1997). These partnerships are generally formed via intermediaries who are familiar with both parties. The intermediaries furnish a basis for mutual trust by transferring the expectations of an existing social structure to a newly formed one (Uzzi, 1997). The TCIS case illustrates that in the electronic era, networking is as crucial to small firms as it is to small firms in the non-electronic environment but that establishing the close-knit ties characteristic of the most important interfirm relationships of small

businesses are particularly tenuous because the personal relationships necessary for the development of the close ties do not exist and are difficult to develop virtually. This suggests that a competitive asset for small local firms will be the ability to configure external partners in a virtual environment. Research is needed on how to effectively locate such partners and develop a sustainable relationship despite little, if any, face-to-face contact.

Table 2. Post-Sales Support Options for the Small Global Firm

	Centralized	Support Subsidiaries	Support Partners or Franchises
Advantages	Maintain control over client relationships Knowledge Discovery from client problems No new offices needed	Maintain control over client relationships Knowledge Discovery from client problems	Avoid hiring additional personnel Better knowledge of local markets
Disadvantages	Multi-time zone needs Multi-language needs Personnel expense	Personnel and office expenses	Locating trustworthy, effective partners Potential loss of knowledge from client problems

Conclusion

Global electronic commerce faces many challenges, including a lack of tools to support connection with distributed legacy systems across international subsidiaries, lack of scalability up to a global number of users, and lack of support tools to handle language and currency conversion. (La Plante, 1997). This article has presented the case of a small French firm selling software products to businesses and the challenges it faces as it grows globally through electronic commerce. In particular, the post-sales service function is among the most pending issues. The case illustrates the strategic importance of the ability to develop and maintain virtual partnerships to handle various phases of the marketing cycle.

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