

INTERNSHIP REPORT ON RFL EXPORT



SERVICE MARKETING OVERVIEW OF RFL EXPORT DEPARTMENT

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THE ORGANIZATION

1.1 INTRODUCTION

RFL is one of the largest plastic manufacturers around the world (3rd largest in Asia). RFL is a sister concern of PRAN-RFL group. The group has a turnover in the vicinity of USD \$0.5 billion annually. Primarily Rangpur Foundry Ltd (RFL) was founded by Maj. Gen. Amjad Khan Chowdhury (Retd) in 1981 with a vision to leveraging the farmer in irrigation through cast iron products like centrifugal pump as well as ensuring drinking water through Tube well.

It commenced its operation in plastics business in 2003. The factory sites are in company owned industrial parks of 300,000 sq meters, which is fully equipped with state of the art injection molding machines with a conversation capacity of over 10,000 tons per month. RFL Plastics currently utilizes 3500 molds through 420 machines having own tooling facilities.

1.2 COMPANY PROFILE

Mission & Vision:

POVERTY & HUNGER ARE CURSES

AIM: To Generate Employment and Earn Dignity & Self Respect for Our Compatriots through Profitable Enterprises

Our Vision: Improving Livelihood

Companies: 37

Business Types: Agro Processing, Plastic Manufacturing, Cast Iron, PVC, Electronics, Melamine, Lifts, Pumps

Employees: 67,000

Products: More than 6,000

Factories: 13 (400 acre area)

Dealer: 37,000

Registered Farmers: 78,000

Dependents: More than 1,000,000 people around the world

Export to: 108 Countries

Export (2013-2014): US \$ 94 Million

Main Export Market: India (33%)

Strength: Distribution Channel and Devoted Employees

Awards and Certification

For excellence in export market including product development, market development etc; we have been awarded numerous trophies in home and abroad.

In recognition of contribution towards earning foreign currency, PRAN achieved “Best National Export Award” for 8 consecutive fiscal years (FY 1999-2000, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2007-08, 2009-10).

In recent times, PRAN is awarded “UDC BUSINESS AWARDS 2011” as the best food & beverage products manufacturer in Malaysia.

PRAN for the first time has received IMS certificate as the first food processing company in Bangladesh. IMS is known as combination of Environmental Management System ISO14001:2004 and British Standard Occupational Health Safety Assessment Series (BS OSHAS) 18001:2007.

In 2014, PRAN-RFL Group has got BEST BRAND AWARD from the Bangladesh Brand Forum.

JOB AND THE PROJECT

2.1 ROLE SUMMARY

- To develop new market in Africa region
- To collect order from buyer, execute the order and deliver the products & services to customers in right time
- To coordinate the importer, distributor, SR as well as customers in Africa
- To oversees all marketing, advertising and promotional stuff and activities

2.2 RESPONSIBILITIES

- Search new buyers through internet, personal contact, trade fair, physical visit etc.
- Communicate with new buyers to develop business relationship
- Collect order and confirm payment to fulfill the sales target
- Place the order to operation department and follow up the production in factory
- Guide commercial department to complete the documentation process
- Ensure the products' qualities as a representative of buyer

- Communicate with importer, distributor and confirm the delivery of each order to the dealer point
- Communicate with SR collecting information about order and delivery of products to the retail shop
- Maintain close relationship with super market & chain shops and communicate regularly
- Collect customers' feedback as well as competitors' products information from SR
- Evaluate market information and take strategies to be competitive in the market
- Develop marketing tools and apply those into the market

2.3 DESCRIPTION OF THE PROJECT

The report has been prepared as a mandatory requirement of the Masters of the Business Administration (MBA) program under the Department of BRAC Business School, BRAC University, Bangladesh. This report entitled "Service Marketing of RFL Export Department of PRAN-RFL Group". My institutional supervisor Dr. Md. Tareque Aziz assigned me the topic of the report. The primary goal of the project papers is to provide on the job coverage to the student and an opportunity for translation of theoretical conceptions in real life situation.

2.4 OBJECTIVE OF THE REPORT

The core objective of this study is to analyze Service Marketing of RFL Export Department of PRAN-RFL Group and draw a real picture of delivering services in the international market through profitable way. The objectives of the report are as follows:

Broad Objective:

- To partial fulfilment of my MBA degree
- To match my academic knowledge with the real corporate business set up
- To enlarge my experience from a real corporate exposure
- To enhance my adaptive quality with the real life situation

Specific Objective:

- To know organizational profile of PRAN-RFL Group

- To evaluate the factors affecting sales & marketing of RFL export
- To analyze the factors related services
- To describe the factors working on customers mind during selecting services
- To understand the consumer behavior, perception and expectation about services
- To elaborate the relationship between customers and companies
- To emphasize areas where improvement is possible

2.5 METHODOLOGY OF THE STUDY

Data Collection:

Both the primary as well as the secondary form of information was used to prepare the report. The details of these sources are highlighted below:

(a) Primary Source

I have collected primary information by interviewing my colleagues, employees, managers, general manager of different departments, importers, distributors, SRs and observing organizational procedures, structures. Primary data were mostly derived from the discussion with the employees of the organization.

(b) Secondary Source

I have elaborated different types of secondary data in my research. Sources of secondary information can be defined as follows:

Internal Sources

- Annual Report
- Business Instruction Manual
- Sales policy
- External Sources
- Different books and Newspaper
- Website Information

2.6 LIMITATIONS

- In this study, a whole-hearted effort was applied to collect, organize, analyze, and interpret the related data and finally to attain the optimum outcome of the research. In spite of these efforts, there exist some limitations that acted as a barrier to conduct the research
- The main limitation of this report is company's policy of not disclosing some data and information for confidential reason, which could be very much useful for the report
- As I am a permanent employee during this period of internship report I had to work hard for long every day, it's difficult to complete the report in time. Also I had to visit our factory, which is remote from my working area to collect data
- Because of the limitation of information, some assumptions were made. So there may be some unintentional mistake in the report
- This study completely depended on official records and annual reports
- It is difficult to collect data on export market without physically present there.

GAPS MODEL OF SERVICE QUALITY

There are 2 types of gaps. They are

1. The customer gap
2. The provider gap

3.1 THE CUSTOMER GAP

The customer gap is the difference between customer expectations and perceptions. Customer expectations are standards or reference points that customers bring into the service experience, whereas customer perceptions are subjective assessments of actual service experiences. Customer expectations often consist of what a customer believes should or will happen. Most of the people of other countries recognize Bangladesh for RMG. And they believe we are only exporting good RMG products, not others. Therefore, people of other countries don't expect good quality from RFL. But when they come to experience our product, they see the difference between expectation and perceptions. China is our main competitor in this industry and they have established their brand. We need to prove our product's quality at a cheap rate with the best service to the customers to beat China.

Because most of the customers are price sensitive and China's products are cheap. RFL products are also cheap in terms of quality if we compare apple to apple with China.

We divide the export market into two types:

1. Local market in other countries
2. Modern Trade

For local market, we have our own companies or importers and distributors in different countries and use our own brand name to sell the products. And in modern trade, chain shops like Massmart, Tesco, Dollarama, Locksy, Carrefour, Stores, ECL and Trudoe outsource from suppliers and use their brand name on the products.

In export, managers of RFL are not in direct contact with customers, so it becomes more difficult to get a clear understanding of its customers. In local market of other countries, consumer does not know RFL. Customer's expectation about RFL may not be high. They may expect cheap rate and low quality, because the brand RFL is not too popular like Wal-Mart or Décor. Actually the image is different from the expectation. The quality of RFL products is good and price is competitive. So, consumer expectation and perception do not match.

On the other hand, companies like Dollar General, Massmart, Disney, and Décor outsource their products from China. Because they think we are not good destination for sourcing their expected products. Consumers of different countries have trust on those companies about the products quality. But we can be a good source of their target products. We have a healthy range of products varieties and RFL is the one stop solution for plastics, melamine, stationery, uPVC pipe, PVC door, water pump & tube wells and many more.

3.2 THE PROVIDER GAP

Four other gaps occur within the organization providing the service

Gap 1: The listening gap

Gap 2: The service design and standards gap

Gap 3: The service performance gap

Gap 4: The communication gap

3.2.1 Gap 1: The listening gap

Finding out what customers expect is the first step in closing all the gaps in the organization to provide service excellence. The listening gap is the difference between customer expectations of service and company understanding of those expectations.

In RFL Export, following shows the key factors responsible for provider gap 1, the listening gap.

- Inadequate marketing research

In RFL export there is no adequate research done to understand the customer expectation. Therefore, we interpret the market demand in a wrong way many times. Australia people don't like Pink color. But we didn't know before the first shipment of pink color goods, which made a big loss for company.

- Unable to understand the market trend and culture

Most of the employees working for RFL export are Bangladeshi. So, it's difficult to understand the trend and culture of foreign market. It also increases the gap between customer expectation and company understanding. In South Africa, silver grey color is very popular. But after one year, we understand the trend. Before that we have no products of silver grey.

- Lack of interaction between management and customers

To understand what customers want interaction is necessary. But we rarely meet with customers. Only during customer visit of RFL office and factory, RFL management can meet with them. For this the decision maker does not understand the demand of customers sometimes.

- Lack of market segmentation

One of the main lacking of RFL is not developing different products for different segment of the market. Customers of different segment have different expectation and we need to develop products for them. Here, quality and price are the main issue. It is one of the important cause behind listening gap.

- Focus on existing products and unwillingness to develop new products
RFL always focus on local market during new product development. But local market (Bangladesh) and foreign market are not similar in customer expectation. Bangladeshi customers are not quality sensitive like customers of USA or Europe. European customers also like different packaging like PDQ, blister packaging, assorted color packaging; which is not a requirement of Bangladeshi customers.

3.2.2 Gap 2: The service design and standards gap

Accurate perceptions of customers' expectations are necessary, but not sufficient, for delivering superior quality service. Another prerequisite is the presence of service designs and performance standards that reflect those accurate perceptions.

In RFL export, following are the key factors leading to Provider Gap 2: The Service Design and Standards Gap

- Lack of qualified service designer
As RFL employees cannot visit market frequently, they cannot get a full idea about customer demand. As a result, they design service without having detail knowledge about customer expectation. It makes difference between service designs and performance standards. Mostly AGMs (sales) get the opportunity to visit foreign market but it should be changed.
- Absence of customer-driven standards
RFL mostly think about local market standards. But to support the foreign customers we should meet the standards of international market. Among 3500 products and related services, we have few products which can meet international standards because of packaging and service standards.

3.2.3 Gap 3: The service performance gap

The service performance gap is the discrepancy between development of customer-driven service standards and actual service performance by company employees. Even when guidelines exist for performing services well and treating customers correctly, high-quality service performance is not a certainty. Standards must be backed by appropriate resources (people, systems, and technology).

In RFL Export, following are the key factors leading to Provider Gap 3: The service performance gap

- **Ineffective recruitment**
Ineffective recruitment may broaden the gap between the development of customer-driven service standards and actual service performance by company employees. There is no specialized recruiting procedure for recruiting in the export department of RFL. Sometimes non business background students join here and cannot perform well. Training can play important role in this issue.
- **Role ambiguity and role conflict**
RFL Export Sales officers have no clear idea about their job responsibilities. They have to coordinate all the departments like operation, production, commercial department and do their sales job also. This makes him confused about his duty and responsibilities.
- **Poor employee-technology job fit**
All the employees are not familiar with modern technologies. For example: Viber, Whatsapp, IMO and Skype. It makes a communication gap between buyer and employees and affects on the service delivery.
- **Lack of empowerment and teamwork**
There are team coordination problem among export related departments in RFL. Employees spends most of the times doing follow up others. Each part of the team should complete their job properly which help a export sales officer to provide good service.
- **Failure to match supply and demand**
Due to inappropriate demand forecasting process and lacking of history data, we failed many months to match supply and demand. We should apply scientific forecasting method to plan the production and other procedures.

3.2.4 Gap 4: The communication gap

The communication gap illustrates the difference between service delivery and the service provider's external communications. Promises made by a service company through its media advertising, sales force, and other communications may potentially raise customer

expectations, the standards against which customers assess service quality. The discrepancy between actual and promised service therefore can widen the customer gap. Broken promises can occur for many reasons: overpromising in advertising or personal selling, inadequate coordination between operations and marketing, and differences in policies and procedures across service outlets.

In RFL Export, key factors leading to Provider Gap 4: The Communications Gap are

- Not including interactive marketing in communications plan

RFL has no international standard website. The website was developed based on Bangladesh market perspective. There are many products in the website like wedding mirror is not delivered to export market because of quality and packaging issues.

- Not adequately educating customers

Customers always ask for less lead time of shipment. If they are well educated about the process of production then they can calculate the lead time. Normally it takes one month from the order confirmation to deliver for regular items. And for development of new products, it takes 2-3 months. There are hundreds of process run to produce a single product. We should make the customers understand these procedure for customer satisfaction.

- Overpromising in advertising about the lead time

Sometimes, we overpromise during advertising. For example: We can produce any color of products but we cannot do it without bulk order.

- Overpromising in personal selling

During personal selling, few employees overpromise about lead time when they talk with customers to take order.

- Insufficient communication between sales and operations

Due to insufficient communication between sales and operations, sales officer are not well informed about mould, color, and other production related issues. One sales officer may takes order for Double Cavity Conserver but at the time of shipment we cannot deliver the products due to mold problem. It increases the customer dissatisfaction.

CONSUMER BEHAVIOR IN SERVICES

Consumer behavior is very important in services, it is the way of how consumers seek, choose, purchase, experience, and evaluate services. Many influences affect this process. The first important area of consumer behavior that marketers are concerned with is how customers choose and make decisions and the steps that lead to the purchase of a particular service. Customers follow a logical sequence, including need recognition, information search, evaluation of alternatives, and purchase.

4.1 NEED RECOGNITION

The process of buying a service begins with the recognition that a need or want exists. Customers always search new source for the existing and new products. They search companies who have similar products and any creative new ideas or products.

4.2 INFORMATION SEARCH

Once consumers recognize a need, consumers obtain information about goods and services that might satisfy this need. Seeking information may be an extensive, formalized process if the service or good is important to the consumer or it represents a major investment. In this part, customers ask for product sample and price information to RFL and other sources. RFL always try to fulfill the customer's requirement within the shortest possible time.

4.3 EVALUATION OF SERVICE ALTERNATIVES

After information search, consumers evaluate the info based on their requirement. Customers always want quick and prompt service. They may evaluate how first a company can provide the product & price information and send the physical sample. They also prefer one stop solution. RFL provide price information within a single day for the existing product and 3 days for new products. RFL can also send the physical sample of existing product within 5 days to any destination of the world.

4.4 PURCHASE

Customers not only prefer the products quality but also the service quality. As shipment date, production schedule are very important for a manufacturer company, RFL never

compromise any delay in this aspect. For the good quality products and timely service, customers make their decision to buy from RFL.

4.5 CONSUMER EXPERIENCE

RFL never forget to listen from its customers after shipment. We always take the feedback from customers about their experience of using products. RFL still facing some difficulties with the shipment schedule which creates problem of late delivery and breakage of products due to unprofessional cargo handling in the port. RFL is going to make corporate agreement with shipping line to solve this kind of problem.

4.6 POST-PURCHASE EVALUATION

RFL rarely makes survey with the customers to find out the post purchase experience of the customers. But export sales officer always try to take the feedback from the customers about RFL's service. Sometimes they tell about the high price but comparing RFL's products and service quality with price is good.

CUSTOMER EXPECTATIONS OF SERVICES

Customer expectations are beliefs about service delivery that serve as standards or reference points against which performance is judged. Because customers compare their perceptions of performance with these reference points when evaluating service quality.

Knowing what the customers expect is the first and possibly most critical step in delivering quality service. Being wrong about what customers want can mean losing a customer's business when another company hits the target exactly. Being wrong can also mean expending money, time and other resources on things that do not count to the customer. Being wrong can even mean not surviving in a fiercely competitive market.

Customer's expectation varies market to market. Indian customers are price sensitive; their preference is price, not quality. On the other hand European and American customers are quality sensitive. They never compromise with quality, may be the price is high. African buyers are also like Indian. But there may be different types of buyer in a single country. It is because of the different buying power of the customers. We can divide the Australia market into two segments like: Upper market and Lower market. Customers of upper market have

many requirements like timely shipment, quality service, different types of display, licensing etc. Lower market's customers may compromise the higher market's requirements but they want the service in a low rate. But both the customers of Australia don't like pink colors. So, it's very difficult to find out the customers expectation from abroad without experiencing the customers, their culture and environment physically. Some of our AGM visited different market of the market and we have to depend on their experience only. We also follow some internationally recognized brand to understand the trends and culture of different markets.

5.1 ZONE OF TOLERANCE

Services are heterogeneous in that performance may vary across providers, across employees from the same provider, and even with the same service employee. The extents to which customers recognize and are willing to accept this variation are called the zone of tolerance.

Different customers have different zone of tolerance. It depend when the delivery needed and also the relationship between employee and customer. European and American customers are sensitive to price and delivery schedule. They have less zone of tolerance because they don't care about price. They expense more to ensure the right time delivery and maintain the quality. But the relationship between company's employees and customer make broader the zone of tolerance and tackle the situation. As the relationship with OGGI Corporation, RFL gets some benefits with the delivery time. OGGI consider some quality problems only because of good relationship

But some customers have higher zone of tolerance. They care about price. They consider delaying delivery because of price and mostly good relationship with employee. As for example, our South Africa importer has the higher zone of tolerance. He cares about price more than delivery time and products quality.

RFL has some customers who want small quantity products. We calculate and ship our goods based on container's space. There are three types of containers (20', 40' & 40 HC) we ship. If the container is not full of products, we cannot ship. If the customer is not able to order for a full container we cannot deliver. In this aspect, customer's zone of tolerance becomes less.

5.2 FACTORS THAT INFLUENCE CUSTOMER SERVICE OF EXPECTATION

5.2.1 Sources of desired service expectations:

There are two major influences on desired service level. The first, personal need, are those states or conditions essential to the psychological well-being of the customer and are pivotal factors that shape what customers desire in service. The second major influences on desired service expectations are lasting service intensifiers- individual, stable factors that lead the customer to a heightened sensitivity to service. One of the most important of these factors is called derived service expectations, which occur when customer expectations are driven by another person or group of people.

RFL has both business-to-consumer and business-to-business customers. Dollar General Global Sourcing Limited wants to increase their sale, also they wants to increase the products quality and to decrease the price because of the requirement of the customers. When RFL sells directly to the consumers through its own brand shop Best Buy, it fulfills their own needs. But the sales manager of that Best Buy shop wants the fast moving products availability in his shops and gives pressure to the operation department for confirming regular product delivery.

5.2.1 Sources of adequate service expectations:

A different set of determinants affects adequate service, the level of service the customer finds acceptable. In general, these influences are short-term and tend to fluctuate more than the factors that influence desired service. There are five factors that influence adequate service:

- i. Temporary service intensifiers: Temporary service intensifiers are short-term, individual factors that make a customer more aware of the need for service. A customer in Borakbelly, India may have an emergency of setting up tube well. In this emergency, RFL can be an easy solution.
- ii. Perceived service alternatives: If customer believes that he has few options to get service, the probability of service delivery becomes high. As customers cannot go to other companies to get the service, he has to take the service from one company. No other companies have verities kind of products like RFL. RFL has plastic, melamine, electronics, poly, pump, door, uPVC pipe & fittings. So, RFL can

be the one step solutions for large number of products which make option limited for a customer to choose.

- iii. Customer self-perceived service role: Customer's active participation affects the service quality. If customers of Vision 3D Led TV (Vision is co-brand of RFL) do not know how to operate the TV, may confuse about the quality of the product and service. His active participation of operating the television fixes the quality of the service.
- iv. Situational factors: RFL provide the free home servicing for many products like Vision LED Television. For example, because of flood, RFL cannot provide the service in right time. Consumer must understand this unexpected situation.
- v. Predicted service: If any customer expects service from RFL comparing with the price, no customer will be refused. RFL always provide the best service at the cheapest rate.

CUSTOMER PERCEPTIONS OF SERVICES

Customer perception of services always consider relative to service expectations. Expectation are dynamic, evaluations may also shift over time, from person to person and from culture to culture. What is considered quality service or the things that satisfy customers today may be different in tomorrow. So, customer perception is not fixed. Quality and satisfaction is based on customer's perception of the service not some predetermined criteria of what service is or should be. Satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met the customer's needs and expectations. There are some determinants in customer satisfaction. Service quality and satisfaction depends on customer's perception of service. Service quality is a focused evaluation that reflects the customer's perception of reliability, assurance, responsiveness, empathy, and tangibles. And satisfaction is influenced by perceptions of service quality, product quality, and price as well as situational factors and personal factors.

6.1 RELIABILITY

Reliability refers to providers' ability to perform the promised service dependably and accurately. In broader sense, it means that the company delivers on its promises- promises about delivery, service provision, problem resolution, and pricing. Customers want to do business with companies that keep their promises, particularly their promises about the service outcomes and core service attributes.

RFL always try to keep its promises to provide quality service at a competitive price in the right time. But some parts are beyond RFL's hand like vessel schedule of shipping line. It totally depends on forwarder, shipping line. Sometimes customers expect the lower price by comparing the products with that of China. But we can say that our price is competitive if we compare the price with the same quality product of China.

6.2 RESPONSIVENESS

Responsiveness means the willingness to help customers and to provide prompt service. This emphasizes attentiveness and promptness in dealing with customer requests, questions, complaints, and problems. Responsiveness is communicated to customers by the length of time they have to wait for assistance, answers to questions, or attention to problems. As early mentioned, we normally answer the queries of a customers within 24 hours for any existing service. But we take 3 to 4 days for pricing a new item.

6.3 TANGIBLES

Tangibles provide physical representations or images of the service that customers, particularly new customers, will use to evaluate quality. RFL emphasizes tangible by providing buyer accommodation facilities, organized & decorated display room in the factory, transport facilities for visiting factories & head office etc.

6.4 ASSURANCE

Assurance is defined as employees' knowledge and courtesy and the ability of the firm and the employees to inspire customer trust and confidence. To confirm this, RFL organizes trainings for employees. On job training like visiting factories, Chittagong depot, and working with products make RFL employees enough confident to assure the customers.

6.5 EMPATHY

Empathy is defined as the caring, individualized attention that the firm provides its customers. The essence of empathy is conveying, through personalized or customized service, that customers are unique and special and their needs are understood. RFL treat each and every customer separately and value each customer's requirement. Our CEO's New Year greetings to each customer of different countries prove our empathies.

LISTENING TO CUSTOMERS THROUGH RESERCH

Finding out what customers expect is essential to providing service quality, and marketing research is a key vehicle for understanding customer expectations and perceptions of services. To find out the expectation of customer, marketing research is necessary.

There are mainly 2 types of research: qualitative research and quantitative research. Qualitative research is about finding out not just what people think but why they think it. It's about getting people to talk about their opinions. So one can understand their motivations and feelings. Quantitative research in marketing is designed to describe the nature, attitudes, or behaviors of customers empirically and to test specific hypothesis that a service marketer wants to examine. In the department of RFL export, few marketing research were conducted. Marketing team of RFL export conducted two types of research: impact of advertisement on customers and customers' satisfaction with RFL products. Both surveys were done in India region.

BUILDING CUSTOMER RELATIONSHIPS

RFL is not far behind practicing relationship marketing. Relationship marketing is a philosophy of doing business, a strategic orientation, which focuses on keeping and improving relationships with current customers rather than on acquiring new customers. Relationship marketing refers to an arrangement where both the buyer and seller have an interest in providing a more satisfying exchange. This approach tries to disambiguously transcend the simple post purchase-exchange process with a customer to make more truthful and richer contact by providing a more holistic, personalized purchase, and uses the experience to create stronger ties.

The marketing exchange relationship between providers and customers often has the potential to evolve from strangers to acquaintances to friends to partners. Following are the different issues at each successive level of the relationship.

Customers as Strangers

Strangers are those customers who have not yet had any transactions (interactions) with a firm and may not even be aware of the firm. At the industry level, strangers may be conceptualized as customers who have not yet entered the market; at the firm level, they may include customers of competitors. RFL's primary goal with these potential customers ('strangers') is to initiate communication with them in order to attract them and acquire their business. To attract these people, we do the following works.

- Participate International Trade Fair
- TVC in different countries
- Distribute promotional items like shop signboards, bill board, branding car, leaflet, and many more.

7.1 CUSTOMERS AS ACQUAINTANCES

Once customer awareness and trial are achieved, familiarity is established and the customer and the firm become acquaintances, creating the basis for an exchange relationship. A primary goal of RFL is satisfying the customer in this stage of relationship. With repetitive interactions, our customer gains experience and become more familiar with our product offerings. Our sales people record each transaction and analysis the buyer behavior. Repetitive interaction helps us to understand the behavior of the customers and to develop the sales and marketing plan for them. On the other hand, our customers feel risk free. But sometimes it becomes difficult to educate our customers about our products. Because we have large product line. More than 3000 products can easily make a customer confuse. For this, we always try to understand the customer demand at first and serve according to his needs.

7.2 CUSTOMERS AS FRIENDS

As a customer continues to make purchases from a firm and to receive value in the exchange relationship the firm begins to acquire specific knowledge of the customer's needs, allowing it to create an offering that directly addresses the customer's situation. The

provision of a unique offering, and thus differential value, transforms the relationship from acquaintance to friendship. As the primary goal of this stage is customer retention, RFL is doing the same thing. For example, Disney buys products from us. Once, we could not able to ship the products in schedules time. Disney was supposed to cancel the order. But we delivered the whole products through air shipment. Its cost 5 times but we did that to retain the customers and win their trust.

7.3 CUSTOMERS AS PARTNERS

In this stage, the level of customer trust often deepens and the customer may receive more customized product offerings and interactions. In the partnership with customer, the firm is concerned with enhancing the relationship. But customers want that company should understand their changing needs very well and is willing to invest in the relationship by constantly improving and evolving its product and service mix. RFL is doing this very well. We always analyze the changing trend and add new products & designs each month according to the customer needs. Sometimes, we develop products according to the direct instruction from customers and do agreement that we will responsible to pay the royalty if we sell the products & related services to other customers.

7.4 THE GOAL OF RELATIONSHIP MARKETING

The primary goal of relationship marketing of RFL is to build and maintain a base of committed customers who are profitable for the organization. Both parties in the customer-firm relationship can benefit from customer retention. Our interest is to build and maintain a loyal customer base and customers themselves also benefit from long-term associations.

7.4.1 BENEFITS FOR CUSTOMERS

Assuming customers have a choice, they will remain loyal to a firm when they receive greater value relative to what they expect from competing firms. Value represents a trade-off for the consumer between the 'give' and the 'get' components. Consumers are more likely to stay in a relationship when the gets (quality, satisfaction, specific benefits) exceed the gives (monetary and nonmonetary costs). From long-term service relationship, customers can get confidence benefits, social benefits, and special treatment benefits.

7.4.1.1 Confidence Benefits

Confidence benefits comprise feeling of trust or confidence in the provider along with a sense of reduced anxiety and comfort in knowing what to expect. Day by day, with the execution of shipments, most of the customers of RFL become confident with our products and service. Dollarama (Canada) placed order in every alternative month in the first half of 2014. But now they become confidence with us and are placing order each month in heavy quantities.

7.4.1.2 Social Benefit

Over time, customers develop a sense of familiarity and even a social relationship with their service providers. These ties make it less likely that they will switch, even if they learn about a competitor that might have better quality or a lower price. In some long-term customer-firm relationships, a service provider may actually become part of the consumer's social support system. The flip side of this customer benefit is the risk to the firm of losing customers when a valued employee leaves the firm and takes customers with him or her. For example Mr. A left RFL in January, 2014. He had good relationship with some companies. With his leaving, we almost lose those customers. It's taking one year to recover and reconnect those customers.

7.4.1.3 Special Treatment Benefits

Special treatment includes the benefit of the doubt, being given a special deal or price, or getting preferential treatment. OGGI Corporation (USA) requires third party inspection (Synergistic, India) before every shipment. RFL bear accommodation, food and transportation cost of the inspector.

7.4.2 Benefits for firms

7.4.2.1 Economic Benefits

RFL believes in relationship management and value the customer needs. As we know, making a new customer is costly than retaining a old customer, we always listen to our customers. The most important benefit a firm can get from the long-term relationship with customers is reducing marketing and administrative cost. To attract a new customer

through marketing activities is huge. Many start-up costs are associated with attracting new customer, including advertising and other promotion costs, the operating costs of setting up new accounts, and time costs of getting to know the customers. Sometimes these initial costs can outweigh the revenue expected from the new customers in short term. So it is to the firm's advantage to cultivate long-term relationships. For this, RFL never give up to take care of customers.

7.4.2.2 Customer Behavior Benefits

The most common customer benefits RFL gets from loyal customers is free advertising provided through word-of-mouth communication. For example, we got many customers through our Korean buyer Locksy Corporation.

7.4.2.3 Human Resource Management Benefit

An old customer of RFL knows the policy of payment. RFL allows TT in advance and LC at sight for payment. Some customers do not want to pay in advance. But according to Bangladesh Bank, we cannot do it. But sometimes all the customers do not understand it.

7.5 RELATIONSHIP DEVELOPMENT STRATEGIES

7.5.1 Core service provision

RFL success is based on its products and service quality. Most of our customers are happy with our products and in time service delivery. Sometimes farms ask for different design, color and even new product. This kind of buyers is always appreciated by RFL and it is one of the competitive advantages of RFL.

7.5.2 Switching barriers

There are some barriers that make customer difficult to leave RFL.

Customer Inertia

Normally customers don't like to change their behavior. When the opportunity cost is high people don't want to switch. But sometimes people don't want to switch even the opportunity cost is low. Because people avoid restructuring their life and developing new

habits. Customers who are buying from RFL for a long time, they know the products, used to with the procedure and don't want to change us.

Switching Cost

Power House Trade (Australia) was visiting RFL head office and factories more than 4 times before they started business with us. If Power House Trade wants a new vendor again, it has to expense a lot again.

7.5.3 Relationship bonds

There are some bonds which work for keeping customers in relationship with RFL.

7.5.3.1 Financial Bond

The customer is tied to the firm primarily through financial incentives- lower prices for greater volume purchases or lower prices for customers who have been with the firm a long time. OGGI Corporation (USA) purchases bulk quantities. For this reason RFL offer special price to them.

7.5.3.2 Social Bond

For local business in foreign countries, RFL sets its distributor those people who has a reputation in their society and has deep knowledge about the communities. Those distributors make the bond between RFL and different communities.

7.5.3.3 Customization Bond

RFL uses two customization bonds approach: mass customization and customer intimacy. Mass customization is similar to the local business which is mentioned earlier. Here RFL produces mostly the same products and services for the mass people to fit their needs. On the other hand, RFL produces customized and distinguished products for Modern Trade business house like Tesco, Carrefour, Locksy, Disney.

7.5.3.4 Structural Bond

Structural bonds are created by providing services to the client that are frequently designed right into the service delivery system for that client. Often, structural bonds are created by providing customized services to the client that are technology based and make the

customer more productive. For Dollar General, Disney, Locksy, Carrefour, stores; RFL makes different level on the products, shrink-wrap each product and establish separate packaging floor for them. It add extra value to the products and bond with these customers become deeper day by day.

7.6 RELATIONSHIP CHALLENGES

There are challenges to build up relation with customers.

- Wrong segment: Like every companies, RFL also divide the market into many parts depend on the customer nature. RFL serves both the upper and lower market. Carrefour, Stores, Boxer, Massmart and Tesco are the upper market customer for RFL. For the lower market RFL serves Dollarama which is one dollar shop. Its main customers are mass people.
- Difficult customers: There are some customers who want large quantities of services within a short time. It's quite impossible to satisfy those customers. They always complain with the response time. Sometimes they need help during the holiday but we cannot serve them at those days. So, it's difficult to handle this kind of customers.
- Ending business relationship: RFL experiences some situation where it has to end business relation with some customers. Due to irregular payment, RFL eliminate business with a customer in Somalia.

SERVICE RECOVERY

8.1 SERVICE FAILURE AND RECOVERY

A service failure is generally described as service performance that falls below a customer's expectations in such a way that leads to customer dissatisfaction. Service recovery refers to the actions taken by an organization in response to a service failure. Failure may occurs due to following reasons

- The service may unavailable when promised
- Service may delivered late or too slowly
- Outcome may be incorrect or poorly executed
- Employees may be rude or uncaring

These types of failures bring about negative feelings and responses from customers. Service failures can result customer leaving, telling other customers about their negative experiences, and even challenging the organization through consumer rights organizations or legal channels. RFL is very serious about service recovery system. In 2013, we failed to ship products to Disney in time. We shipped all the products through air only to satisfy the customers. In 2014, Biglots USA visited our booth at a fair and they tried to communicate with us. But somehow we missed to response properly. But when we informed about it, we started communication with them and served them by answering all queries. Due to our factory mistakes, South Africa customs hold a container of products at Durban port for 13 days and penalized US\$2,000. We solved it by paying the amount to satisfy the customer.

8.2 HOW CUSTOMERS RESPOND TO SERVICE FAILURES

Customers who experience service failures can respond in a variety of ways, as illustrated following:

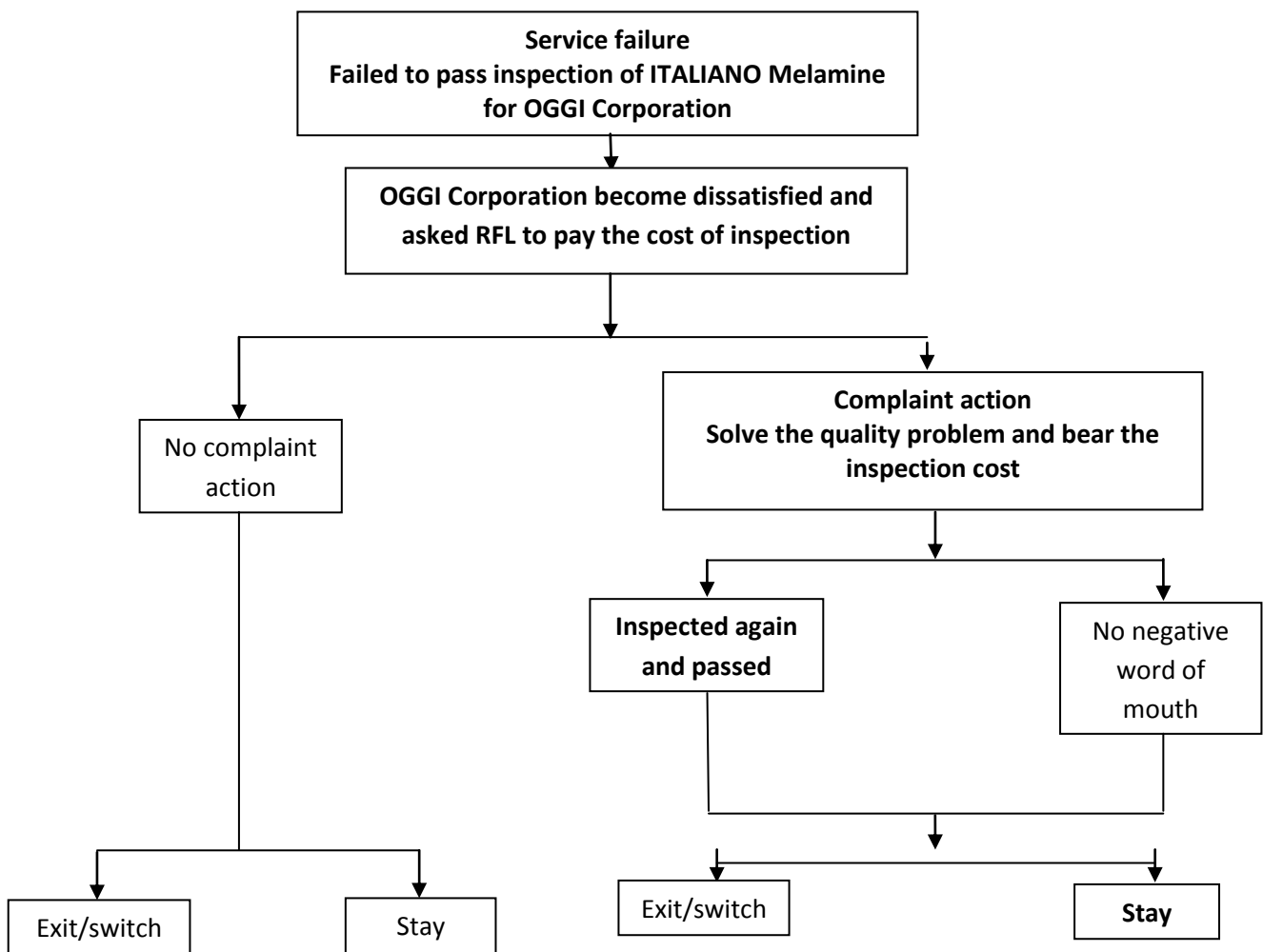


Fig: Customer complaint actions following service failure

In April 2014, our Mauritius importer claimed that he didn't find 2000 pieces of pen in his shipment. Without software entry, we cannot sell anything but somehow the pens were missing. It may happen in the Chittagong depot where the products are loaded in the container for shipment. In the next shipment, we send those missing quantities of pen to the customer. Now the customer is so happy that he has made the order quantity double.

8.3 TYPES OF COMPLAINERS

There are 4 types of complainers.

1. **Passives:** This group of customers is least likely to take any action. They are unlikely to say anything to the provider, less likely than others to spread negative word of mouth, and unlikely to complain to a third party. Our Somalian importer, Mr. Omer is a passive complainer.
2. **Voicers:** These customers actively complain to the service provider, but they are less likely to spread negative word of mouth, switch patronage, or go to third parties with their complaints. These customers should be viewed as the service provider's best friends. They actively complain, and thus give the company a second chance. Most of the customers of RFL are Voicers. We hear complaints from the customers and try to solve those problem within the shortest possible time.
3. **Irates:** These customers are more likely than are others to engage in negative word-of-mouth communication with friends and relatives and to switch providers. They are about average in their propensity to complain to the provider and are unlikely to complain to third parties. They are less likely to give the service provider a second chance and instead will switch to a competitor, spreading the word to friends and relatives along the way.
4. **Activists:** These consumers are characterized by above-average propensity to complain on all dimensions: they will complain to the provider, they will tell others and they are more likely than any other group to complain to third parties.

8.4 SERVICE RECOVERY STRATEGIES

Do it Right the First Time

The first rule of service quality is to do it right the first time. In this way recovery is unnecessary, customers get what they expect, and the costs of redoing the service and compensating for errors can be avoided.

Encourage and Track Complaints

Firm can utilize a number of ways to encourage and track complaints. Customer's research can be designed specifically for this purpose through satisfaction surveys, critical incidents studies, and lost customer research. E-mail is the way that RFL uses to facilitate, encourage, and track complaints.

Act Quickly and Provide Adequate Explanations

Employees of RFL always response quickly to the customers' complaints. They take immediate action to solve the problem. The solution may be executed later, but we inform the customers whether we can solve it or not. We also provide adequate explanations of the reason behind the problem.

Learn from Recovery Experiences

RFL emphasize its employees to learn from mistakes. Our senior managers share mistakes with all so that nobody can do the same mistakes twice. They also share the solution taken for recovery.

SERVICE DEVELOPMENT AND DESIGN

Meeting customer expectations of service requires not only understanding what the expectations are, but also taking action on that knowledge. Action takes several forms: designing innovative services and service improvements based on customer requirements, setting service standards to ensure that services are performed as customers expect, and providing physical evidence that creates the appropriate cues and ambience for service.

9.1 STAGE IN SERVICE INNOVATION AND DEVELOPMENT

Front-end Planning:

- Business strategy development or review
- New service strategy development
- Idea generation
- Concept development and evaluation
- Business analysis

Implementation:

- Service prototype development and testing
- Market testing
- Commercialization
- Post-introduction evaluation

Business strategy development or review

RFL has an overall strategic orientation, vision and mission. To design a new service, we need to review that mission and vision. The new service strategy and specific new service ideas must fit within the larger strategic mission and vision of RFL.

New service strategy development

The types of new services that will be appropriate will depend on the organization's goals, vision, capabilities, and growth plans. As RFL is in a growth stage, the new service strategy must in line with the company growth.

Idea generation

The next step in the process is the generation of new idea. RFL export team sits every month to discuss and generation new ideas of service.

Concept development and evaluation

In the idea generation meeting, all the staffs generate many ideas according to the customer needs. It's a brainstorming session so that there is no lack of new idea. After that

senior managers evaluate the ideas and compare the ideas of new service and its strategy with the company mission and vision.

Business analysis

RFL senior managers make detail analysis of those ideas of new service and make the final decision of producing new services.

Service prototype development and testing

In this stage, service prototype is developed and makes it ready for testing. In this testing both customer's reactions and operational aspects of the service are considered.

Market testing

At the market testing stage of the development process, a tangible product might be test marketed in a limited number of trading areas to determine marketplace acceptance of the product as well as other marketing mix variables such as promotion, pricing, and distribution systems. Normally, in RFL all the new products and services are tested in local market of Bangladesh.

Commercialization

When the piloting is completed and the new service passed satisfactory, the commercialization stage starts; where the service goes live and is introduced to the marketplace. This stage has two primary objectives. The first is to build and maintain acceptance of the new service among the people. The second objective is to monitor all aspects of the service during introduction and through the complete service cycle.

Post-introduction evaluation

At this point, the information gathered during commercialization of the service can be reviewed and changes made to the delivery process, staffing, or marketing mix variables on the basis of actual market response to the offering. RFL changes price many times after the commercialization stage by getting the market feedback.

INTEGRATED SERVICE MARKETING COMMUNICATIONS

10.1 THE NEED FOR COORDINATION IN MARKETING COMMUNICATION

Marketing communication is more complex today than it used to be. In the past, customers received marketing information about goods and services from a limited number of sources, usually mass communication sources such as network television and newspapers. With a limited number of sources, marketers could easily convey a uniform brand image and coordinate promises. However, today's consumers of both goods and services receive communications from a far richer variety of marketing vehicles- E-social network, mobile advertising, websites, direct mail, movie theater advertising, e-mail solicitation, targeted magazines, and a host of sales promotions.

The customer of services is the target of two types of communication. First, external marketing communication includes traditional channels such as sales promotion advertising, and public relations. Second, interactive marketing communication involves the messages that employees give to customers through such channels as personal selling, customer service interactions, service encounter interactions, and servicescape.

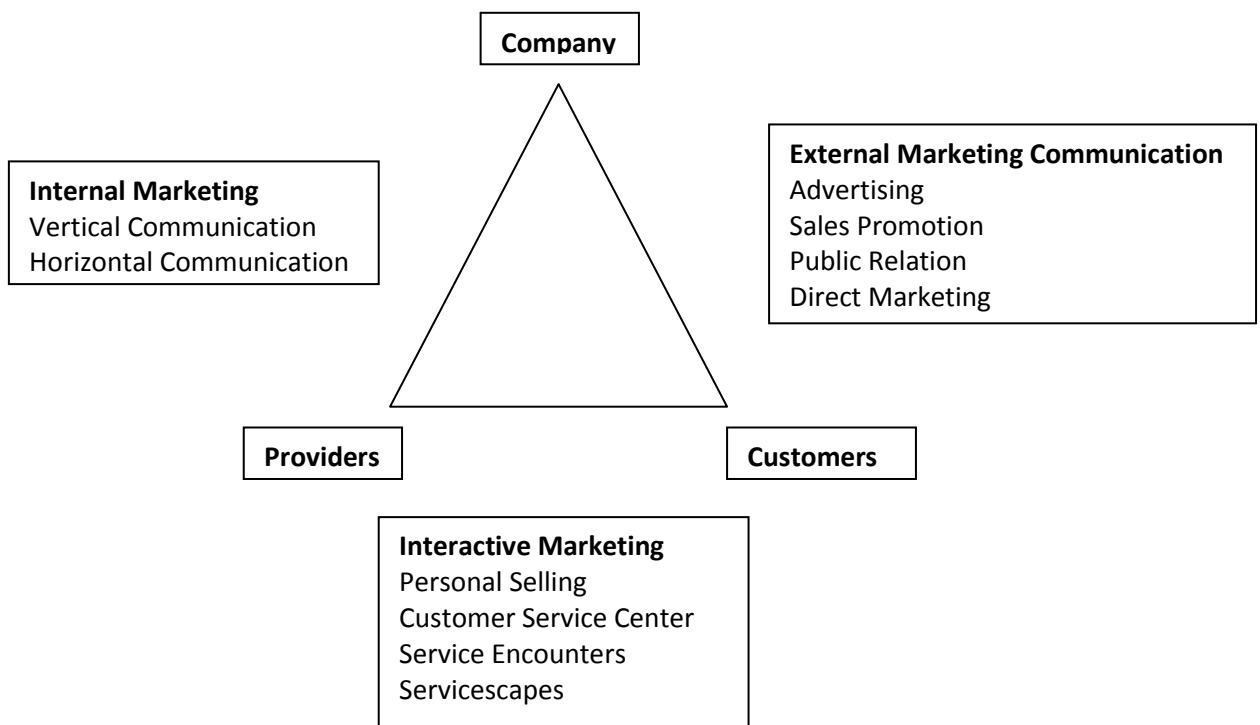


Fig: Communications and the Services Marketing Triangle

10.1.1 Internal Marketing Communication

Vertical Communication

Vertical communications are either downward, from management to employees, or upward, from employees to management. In RFL, downward communication includes e-news (published every month), booklet, email etc. As RFL practices open culture, employees of any level can meet and speak to the top management even DMD or CEO any time.

Horizontal Communication

Horizontal communication means communication across functional boundaries in an organization. For example, communication between sales and operation department. RFL export is not too strong in this issue. Most of the operation department of different companies (RFL has 18 companies) focuses on local market. As a result RFL export department suffers for lack of coordination between two teams of RFL.

10.1.2 External Marketing Communication

In external marketing communication, RFL does both ATL and BTL strategies. For mass marketing RFL export do TVC, Newspaper advertising, Websites, Billboard etc. RFL promotes sales with many offers in different events and occasions. During Christmas in South Africa, customers can get one water bottle if he buys certain amount of products. To reach the target segment of the market, direct marketing is the RFL's key strength. In different market like USA, Canada, KSA, UAE, South Africa RFL uses its own sales representatives to communicate the last customers of the sales chain. We also do shop branding, vehicle branding, leaflet, flyer, catalogue etc. for marketing communication.

10.1.3 Interactive Marketing Communication

In interactive marketing communication, both customer and RFL employees interact with each other. Although we have no separate customer service center in export market, our sales representatives are working as customer service officer for us. They hear complaints from customers and share it with distributors or importer and RFL sales managers. Servicescape is the physical evidence as the environment in which the service is delivered and in which the firm and the customer interact, and any tangible commodities that facilities performance of communication of the service. We provide Helicopter service to the Senior Director of Dollar General USA and Director of Loblaws Canada during Factory visit. This servicescape motivates them to get the business.

10.2 KEY SERVICE COMMUNICATION CHALLENGES

10.2.1 Service Intangibility

Services are performances rather than objects, their essence and benefits are difficult to communicate to customers. Intangibility makes marketing communication for services more

challenging for both marketers and consumers. The intangibility nature of services creates problems for consumers both before and after purchase. RFL products and services are closely related each other so that there is a tangible view of the services. For this reason, intangibility of services is not much effective for RFL.

10.2.2 Management of Service Promises

A serious problem occur when companies fail to manage service marketing communications- the vows made by salespeople, advertising, and service personnel-and service falls short of what is promised. It happens in RFL export. Our marketers advertise about our promises of right time delivery. But we failed many times to provide service in time.

10.2.3 Management of Customer Expectations

Appropriate and accurate communication about services is the responsibility of both marketing and operations. Marketing must accurately (and compellingly) reflect what happens in actual service encounters; operations must deliver what is promised in communications. For example, marketers announce new services but operation doesn't know when they can deliver it.

10.2.4 Customer Education

Service companies must educate their customers. If customers are unclear about how service will be provided, what their role in delivery involves, and how to evaluate services they have never used before, they will be disappointed. When disappointed, they will often hold the service company, not themselves, responsible. When we export something, its on the name of importer and bank & customs documents are on the same name. but some customers are not used to with this procedure. They want the documents in one name, want to send the payment in different name. But it creates a huge problem in bank transaction.

10.2.5 Internal Marketing Communication

RFL organize weekly, monthly and half-yearly meeting with operation department so that we can share our ideas and thought about the existing and new services.

RECOMMENDATIONS

Currently, RFL is exporting \$12 million per year to 38 countries. In 2015, our target is \$30 million. To arrive the target point, RFL will face challenges from both national and international competitors. Changing trends, needs and diversification of life are also challenges to RFL. It's not easy to understand to cop up with the speed of changing technologies. Also day by day, the production cost is increasing. Company profile is becoming complex and hard to control and maintain the standard.

11.1 CHALLENGES

- Bengal and Partex are the main competitors for RFL in export market from the local arena. Although RFL is far away from its competitors but they are rising day by day. Bengal Group has already got \$2 million trial order from Dollar General, where RFL had been trying for last 2 years.
- In international arena, there are countless competitors in the world. Most of the companies mainly manufacturer's products range is limited. Say, Décor's main products are food containers. Freedom's main product is stationeries and Loblaws Canada has melamine. But RFL has all the categories. So, RFL is facing competition from all the companies and it's a difficult fight.
- Everyday customers' need changes. In a certain period, trend changes. At present, Australian does not like Pink color, may be tomorrow they like. Upper market and lower market do not choose same products, color, delivery procedure, service contract etc. So, change is the main competitor for RFL every moment.
- Interactions with customers are one of the rising issues now. As the market is different, culture is different and RFL employees cannot reach to customers due to distance & cost; it is difficult for us to properly understand the need of customers.
- RFL has lacking of good leaders. Company is growing very fast but leaders are not growing like this.

11.2 PROSPECTS

- Our main competitive advantages are cheap labor and product & service varieties. As a result price becomes low. Therefore, we can fight with the other companies from China, Australia, USA in terms of price and quality at international market. These aspects open the whole world as a better field for selling our products & services.
- RFL is going to establish bonded factories from 2015. RFL Industrial Park (RIP, Gazipur) will be the first export processing zone in plastic industries of Bangladesh which means price decreasing. So, we can offer a better price to our customer in abroad.

11.3 PROMISES

- RFL management promises to continue its journey by providing new services at the best price, in the right place at the right time.

CONCLUSION

RFL is the number 1 export company in plastic industry of Bangladesh. There are other companies like Bengal Group, Partex Group, Talukder Group also export plastic products. But their product and service line is very narrow than RFL. By installing robotic & automation system RFL introduce a different age in production history of Bangladesh. Our next year project of developing mold and master batch (color) locally in Bangladesh will help RFL to fly in the sky. Making decision of outsourcing design makes RFL more competitive for its rival in the international market. We believe, we will be the largest plastic manufacturer in the world within 2025.

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