

## **Serving Demanding Customers - A Challenge**

Prime Computer Services (PCS) is delivering computer and peripherals to the business clients. Their services include computer systems (hardware), software packages (IT services) and after sales service. PCS is operating in a market where lot number of players have entered due to the potential identified for the sales and services of computer systems. This has increased the level of competition in this segment and PCS is finding it difficult to sustain in the market due to reduced margins on their product and services. The margins are reduced to sustain the competition and to retain their clients in PCS' portfolio.

Maintaining leadership is quite difficult in this segment due to intense competition. However, due to one of the oldest company in this segment, PCS is able to enjoy the leadership position due to their state of the art R&D department, along with set distribution channels in domestic as well as in global markets. PCS has been able to develop their brand in due course of time.

Regarding the customer base of PCS, the company is catering their services to wide and diverse set of customers. Most of their customers are from business market only. PCS is focusing on medium and large scale industries only, both domestically and globally. All their customers, domestic as well as global customers, have different needs and requirements in their purchases and employ different approaches in their hardware as well as software(IT) purchases.

The diverse need of their customers has resulted in the following challenges being faced by PCS:

1. Some customers (especially large industries) focus only on hardware purchase and insist on the maximum discounts. They have their own contracts for after sales service of hardware systems and are not interested in taking the service contracts with PCS.
2. Another group of customers (medium scale industries) value the brand name of PCS and demand wide variety of services from PCS such as hardware, software, maintenance support in terms of after sales service in one contract. For this, these industries are willing to pay premium price also.
3. Some of the customers of PCS want all the services of PCS but at the maximum discount and will shift to another supplier if their demands of heavy discounts are not met. Due to intense competition in this segment, the probability of customer shifting to other suppliers is very high.

### ***Questions:***

1. Suggest the strategy to PCS to deal with such diverse group of customers.
2. As the margins are narrowing down due to intense completion, what can be done by PCS to capitalize on customer relationship? Do you feel that working on customer relationship management will be helpful to deal with price war in this segment and will help PCS to retain the customer even after charging high as compared to competition? Justify your answer.

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