

**GENERIC CUSTOMER SELF-SERVICE  
OPTIONS FOR DEVELOPING COUNTRY  
MARKETS**

**Ganesh N. Prabhu**

Indian Institute of Management Bangalore  
Bannerghatta Road, Bangalore 560076 India  
Phone(+91)2659-1285 Email: gprabhu@iimb.ernet.in  
Webpage: <http://www.iimb.ernet.in/~gprabhu>

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**Abstract**

Customer self-service options reduce the delivered cost of products and enable customers to customize their product during final assembly. Cost reduction by self-service is clearly higher in developed countries given lower labor availability and higher labor costs and their customers are often more adept in the use of self-service. In contrast, developing country customers can use cheap local labor, are less adept in the use of self-service and are unlikely to favor self-service options unless they are significantly cheaper.

Lower literacy and inability to follow written instructions can make usual self-service options unviable in many developing countries. However, the cost savings in moving final assembly to customers can be significant even in developing countries as compact packing can significantly reduce packaging costs, transit damage and transport costs.

We identify a set of generic self-service options for developing countries that leverage such cost reductions and low cost local labor to enable greater market penetration through lower prices. We draw insights from several industries in India that have created viable product-service combinations that leverage cheap local labor to create “last mile” customization. These self-service options have high potential as developing country markets are highly price sensitive and yet require robust and customized products.

## A Conceptual Paper – Not a Case Study!

This presentation is a conceptual mapping based on a synthesis of self service options identified in many case studies from India. Self service options are used in developed countries to save labor costs but typically ignored in developing countries. However we argue in this paper with examples that self service can work in developing countries also with savings not limited to labor costs. This adds to service management literature.

## Customer Self Service Options

- Customer self-service options are essentially used to:
  - reduce the delivered cost of products by reducing the use of expensive labor at the factory.
  - enable customers to effectively customize their products during self service based final assembly.

### Customer Self Service Options

- Cost reduction by self-service options is higher in most developed countries due to their lower labor availability and higher labor cost.
- Developed country customers are usually adept in the use of self-service options as they encounter them more from a younger age.

### Developing Country Customers

Upper class customers (example India):

- Are less adept in the use of self-service options as they have lower exposure to them as children.
- Use cheap local labor both skilled and unskilled for even the simple tasks.
- Are unlikely to favor self-service options unless they make the product significantly cheaper. May yet outsource!

## Developing Country Customers

Lower class customers (example India):

- Many are trained in use of simple assembly tools as many have carried out such tasks on their job or as a trainee.
- Usually lower in literacy and require specific local language training for self service tasks as they may be unable to follow even simple written assembly instructions.

## Many firms avoid giving self service options in developing country markets

They may assume that customers will avoid self-service options as they are unviable or expensive. They may be daunted by the difficulty in training customers on self service in their local language. They may believe that price sensitive users may choose low cost labor instead of self service and that local labor used may not be skilled enough for it and thereby reduce delivered product quality

## Many firms avoid giving self service options in developing country markets

They may assume that there would be:

- Difficulties in training local assembly labor.
- High losses due to poor assembly and reworking.

Thus they may be averse to it assuming that local labor may devalue the brand of the product if assigned to do self service tasks.

## Self-service can have significant cost savings

Final assembly by customers can reduce transport costs due to compact packaging.

Compact packing reduces packaging costs.

Compact packing can lower transit damage.

Availability of local labor can be leveraged.

Higher labor costs at factory is replaced by lower labor costs at/near the customer.

May require training of local labor instead of expecting customers to do self service.

### Firm Delivered Service Options

Some firm delivered service options for “last mile” reach of services in India [9][5][3]

1. Final assembly and testing by contract staff within the retail outlet or at customer home.

Eg. Bicycles in India are final assembled by retailers.

2. Door delivery of new customization options.

Eg. Car upholstery customized at customer’s homes.

3. Low fee service kiosks for illiterates to use self-service based internet booking websites.

Eg. Private operator kiosks for Indian rail ticketing.

### Choice Based Self Service Options

Some generic choice based self service options for “last mile” service in India [1][2][4].

1. Customer customizes choice at retail outlet.

Eg. Paint mix trials for specific colors at the store.

2. Customer picks a product combo at low cost.

Eg. Meal items as combos picked up at restaurants.

3. Customer develops a suitable prototype.

Eg. Customer given a worksheet by agent to create or customize a suitable insurance product for purchase.

Eg. Customer develops travel itinerary on a budget.

## Labor Based Self Service Options

Some labor based self service options for “last mile” reach of services in India [10][8][7][6].

1. Customer designs product and firm makes it.  
Eg. User logo design tools with printing by Vistaprint
2. Customer does the last easy step before use.  
Eg. Heat-to-eat packaged snack foods by MTR India.
3. Customer takes pride in doing last step labor.  
Eg. Pothi – self publish books with own cover design.
4. Customer takes pride in sales & distribution.  
Eg. Own child’s art on birthday cards by PaperArtz.

## Potential of Self Service Options

- Customer self-service options have potential in many developing country markets due to:
- *High price sensitivity* – self service reduces prices to those who opt for it and grows sales.
- *High risk averseness* – self service reduces use risk for users who opt for it and grows sales.
- *High need for product robustness* – belief in users who know can self service the product.
- *High need for diversity based customization* – self service allows it at lower delivered costs.

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