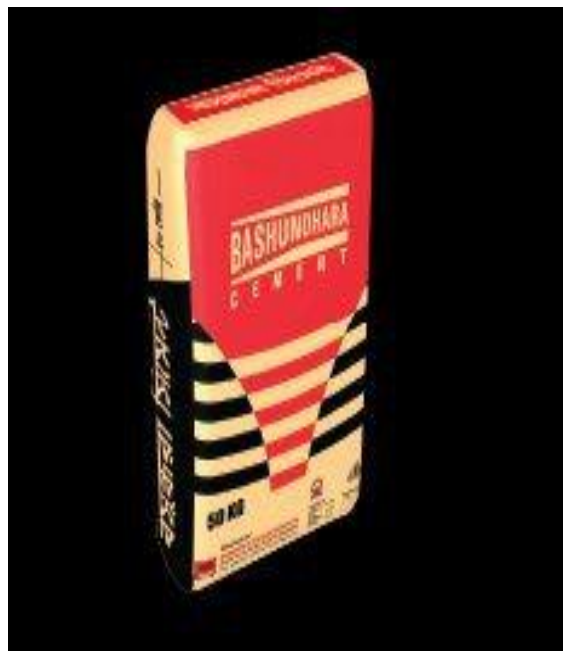


# Internship Report

on

**Bashundhara Cement in B2B Sector**



**BASHUNDHARA CEMENT**  
**CONSTRUCTION BONDS**

**Internship Report**  
**on**  
**Bashundhara Cement in B2B Sector**

**Prepared For**

**DR. MD. TAREQUE AZIZ**

Associate Professor

BRAC Business School

**Prepared By**

**H. N. ASHIQUR RAHMAN**

ID No. : 10164020

Program : MBA

Major : Marketing

**BRAC University**

## **Acknowledgement**

In the beginning, I offer my sincere gratitude and thanks to Dr. Md. Tareque Aziz (Associate Professor) BRAC University, whose inspiring guidance and valuable suggestions made this report possible.

I also express my gratitude to Mr. Khondokar Kingshuk Hossain (General Manager, Sales, CS, BG), Md. Fazle Rabbi Osmani (DGM, Sales, CS, BG), Mr. Saroj Kumar Barua (AGM, Marketing & Sales, CS, BG) of Bashundhara Cement for their keen interest and support for my practical orientation.

Finally, I would like to thank all the staff of Bashundhara Cement for supporting me in every possible way.

## **Table of Contents**

<b><u>Sl. No.</u></b>	<b><u>Content Name</u></b>	<b><u>Page</u></b>
1.	Introduction	-- 1
2.	The GAPS Model of Service Quality	-- 2
3.	Consumer Behavior in services	-- 5
4.	Customer expectations of services	-- 6
5.	Customer perceptions of services	-- 8
6.	Listening to customers through research	-- 10
7.	Building customer relationships	-- 13
8.	Service Recovery	-- 19
9.	Integrated service marketing communication	-- 23
10.	Way forward for the company in delivering best quality of services	-- 25
11.	Conclusion	-- 27
12.	Appendix	-- 28

## **1. Introduction**

Bashundhara Group is one of the most prestigious and experienced commercial and industrial conglomerates in Bangladesh today. The Group took off from the incipient period after establishment of East West Property Development (Pvt.) Ltd. a real estate concern, popularly known as "Bashundhara" which happened to be its first venture in this sector. Keeping pace with rapid economical and technological changes followed by the policy of Globalization, Bashundhara Group has outspread their business activities within a short period of time and have been able to emerge as a promoter of international standard of business houses and industrial enterprises founded on the principles of engineering and financial integrity with a group of highly capable technical personnel and professionals. Since inception, Bashundhara Group has been actively contributing to the national as well as global economy by effective utilization of resources, using raw materials, production and marketing high quality products at competitive prices and creating employment opportunities. Bashundhara is now operating with fourteen vital enterprises of highly esteemed commercial and technological superiority having profound degree of specialization in the field of real estate, industrial ventures and commercial enterprises. Current value of the total assets of the enterprises of Bashundhara Group would be about Tk. 15000 million equivalent to approximately US\$ 300 million. Total turnover of the business amounts to around Tk. 16000 million equivalent to US\$ 325 million. Presently, 8100 people are employed in various enterprises of the group. Besides, through its multidirectional economic activities, Bashundhara has created employment opportunities to over 30,000 people. The linkages to employment and better standard of living are immediate. By providing employment opportunities to a large number of people, Bashundhara helps in income generation, which in turn assists in improvement of the quality of people's lives in terms of nutrition, literacy, standard of living, physical and social environment. Through forward and backward linkages, the enterprises of Bashundhara Group have encouraged development of various industrial and commercial units in the country. With its expertise in different fields and extensive human resources, Bashundhara has undertaken various projects.

## **2. The GAPS Model of Service Quality**

There are 2 types of gaps. They are-

1. The customer gap.
2. The provider gap.

### **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. In cement market customer expectation differs in various ways. Those who worked for Govt. expect that a new company will dump the price or give cement cheaply because they aren't anxious about high quality. Some customers think that we are new in the market so we would give them huge credit facility. Some customers think, it will be helpful for them to bargain with their existing companies which are in our categories (quality with standard price) and our main contestant's like-Seven Rings, Crown, Akij. But, some customers don't think about us because they don't need it. These are customer expectations from us. Customer perceptions are mixed in terms of price. First of all, they question about it. The customers, who are employed in Govt. service, they found it very costly. In terms of quality, all customers are satisfied. We didn't give credit facility to all the customers because various factors work in it. Some customers are also unhappy about this. They thought, maybe we give credit facility to increase our sales volume. Another issue is that, customers expected "Bashundhara's" brand name in the product, so logistic support would be superb but the reality is different. A lot of customers like to give order for 200 bags nevertheless we can't take it because delivery can't be provided as per customer schedule then.

### **The Provider Gaps:**

Four other gaps occur within the organization providing the service

Gap 1: The listening gap

Gap 2: The service design and standard gap

Gap 3: The service performance gap

Gap 4: The communication gap

There are some provider gaps in Bashundhara cement.

- Price
- Transport
- Dealership
- Manpower
- Shortage of mooring

**Antithesis of price:**

Because of heavy competition in cement industry the consumers thought Bashundhara cement would give them low price, while other company's prices would go down. But Bashundhara cement won't do that. The current market situation is different, some companies took down their price. Now, customers want to cut the price. But, management can't take this request seriously.

**Transport:**

Transport is another issue. Maximum companies have the ability to give 200 bags delivery in Dhaka easily. But, Bashundhara cement cannot do that. If one customer gives order of 200 bags then it will take more than others in delivering the product. Though in B2B sector many companies take 200 bags order because of space limit. Another option is that minimum numbers of open truck and small truck. Because of small quantity of trucks Bashundhara cement rents many trucks every day which cost higher unit price of cement.

**Dealership:**

In many places we don't give dealership like Chittagong, Cox's Bazar, Gazipur etc. Without dealership, no company can succeed in Bangladesh at retail or trade business. Because of that, we lose some customers and market shares. In those places, corporate price of cement is also high because of transportation.

**Manpower:**

In some places small numbers of employees are working which is not proper. More manpower is needed to increase sales. Recently, they are recruiting new employees. No one works outside Dhaka in corporate and technical support department. But, this technical support department is much needed for any cement company as they give the working information to sales team. They also work on various enlistment procedures in various authorities. All big Govt. projects are currently outside Dhaka. So, it is necessary to collect regular and updated information of various Govt. projects.

**Shortage of jetty:**

Bashundhara cement has jetty shortage. Almost all established cement companies in Bangladesh have jetties in various distribution points near rivers. These jetties work as delivery points. Though jetties raise the cost of maintenance, it also helps to distribute cement fast and impassable areas. Sometimes when we want to deliver in north Bengal, we give it from Mongla plant. But, our competitors have jetty facilities in Pabna, Jessore and Sirajgonj etc. which enables extra price facilities because of distance.



### **3. Consumer Behavior in Services**

There are mixed consumer behavior in cement industry. Some consumers are not enthusiastic about Bashundhara cement. They love to work with multinational brands like Lafarge, Cemex, Holcim, Scan etc. For business reasons some customers do that. If they use multinational cement brand then they can sell the apartments in higher prices. There are some other issues which can also effect in consumers mind. For the last couple of years some buildings collapsed accidentally, for that reason people are very alert about construction materials. Geologists already said, a massive earthquake will hit us soon, that's why consumers are showing massive attention in construction. Steel and cement are the main and costly construction materials in construction sector and people normally keep eyes on these materials. For any kinds of construction material related blame cement stands in front line. In our country adulterating occurs in every production sector. So, people of our country do not easily trust the domestic companies. Consumers have a perception that multinational companies maintain good quality. People are now mentioning the brand name of cement in agreement paper with developer companies, where maximum brands are multinational. In the case of industrial sales same incidents are happening. Some customers have no faith in Bashundhara cement. They name brand like Cemex, Holcim, Scan, Lafarge which earned their reputation with good quality and service after spending 10-15 years in the industry. Some customers believe us as good quality brand but their weak perception denies it.

#### **4. Customer Expectations of Services**

Knowing the customer expectations and delivering the quality service is very critical for all companies. Being wrong about what customers want can mean losing a customer, when another company hits the target exactly. This also means spending money, time and other resources on things that do not count to the customer and dead end in a fiercely competitive market.

There are some possible levels of customer expectations in Bangladeshi cement industry. In B2B sector there are 4 types of customer in the market. The service expectations differ on customer types. Types of customer's are- contractors, institutions, developers and ready-mix concrete manufacturers. Contractor expectations are low price and marginal quality. They don't bother about best quality as they took the contracts with low prices and within the working period the material prices rose. Developer's expectations are to get credit from cement companies and delivery quickly, as their payment depends on flat selling and it takes time to sell a flat these days. Institutional sales expectations are quick delivery and good logistics, while few companies don't think about price. In institutional sales, there are customers as well as consumers. So, in case of institutional selling, people think about quality unless it's huge volume. RMC manufacturers mainly focus on price not quality, their desired expectation is low price.

##### **Zone of Tolerance:**

Services are heterogeneous where 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 depends when delivery is needed and the relationship between employees and customers. Some customers need the delivery very urgent and rapidly, they have less zone of tolerance. These customers don't care about price. They take the costly cement but require rapid delivery. Then again, situations are tackled easily by company employees with broader zone of tolerance. There are so many competitors in the market. Without tolerance they can switch other brands easily because price is very competitive in this industry.

Some customers have higher zone of tolerance, they care about price. They consider delaying delivery because of price and mostly good relationship. Some customers want 200 bags per order which is a problem. Bashundhara can't give 200 bags smoothly, it takes time and delivery is delayed. But, in case of 250 bags order this trouble won't occur. Sometimes labor cost affects this zone of tolerance. Normally, Bashundhara cement gives 100 feet free of labor cost. Sometimes that distance maximizes and labors don't want to work. Consequently, customer's zone of tolerance decreases.

## **Factors that Influence Customer Service of Expectations:**

### **Sources of desired service expectations:**

Personal needs effect the desired service expectations. Some company's need chloride based cement, some sulphate based cement and some CEM-II/A-M cement. In case of a single customer asking that variation, companies must produce these types of cement as it will help him to choose the right brand with cheaper price. Some customers are in remote areas where he/she expects the delivery. Some customers need rapid delivery in many cases, then they will seek for proper and rapid delivery without delaying their work.

It is not up to customers all the time. In case of institutional sales, developers and contractors mention which cement will be used in the tender or contract. That brand must be used whether it is cheap or costly.

### **Sources of adequate service expectations:**

Sometimes a customer has no choice, maybe he takes cement from other companies in credit. If they don't get the cement for credit related problems, they take cement from Bashundhara with cash. It is a situational factor which is uncontrollable.

Word of opening makes huge impact in cement industry. When one gives his land to developers he discusses about raw materials with experts in this sector. If his knowledge in this sector is zero then he takes the advice blindly, otherwise analyses the market. Sometimes they directly choose the multinational brands, they think it's the safer option. It is our duty that the influencer must get positive response and get good service and quality. They take decision with past experience either to use it or not. King brand which is the sister concern of Bashundhara cement operates the market since 1996. Who used king brand previously and got good results, suggests Bashundhara cement. Since, they both use the same raw materials under same management. But, Bashundhara cement has high technology of production process. In this positive word of aperture "Bashundhara" brands name also works. Formerly, who used various Bashundhara products with satisfaction also use Bashundhara cement, as they believe it would also be a good product. They did this because of faith in Bashundhara's brand name.

## **5. Customer Perceptions of Service**

Customer perception is not fixed, it changes. Quality and satisfaction is based on customer's perception of the services, not some predetermined criteria of what services exist or should be. There is no specific definition of satisfaction in cement sector. 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.

In cement industry the customer satisfaction depends on quick delivery, price and sometimes credit facilities. All the companies manufacture same type of products with almost equivalent quality. There are some cases where quality plays a major satisfactory part where price is not important.

Recently, some companies design environment friendly buildings, they need some specifications. Here quality plays a key role. After matching the quality they think about price. Some companies give credit facilities at a benchmark. How much credit limit is and credit day's one company gave will fulfill the satisfaction. In RMC, manufacturer's price as well as logistics support is another major issue of satisfaction. Price, credit facilities and other services are also important but logistics support plays the key role here. Whether delivery is occurred in daylight or not and how rapidly the cement is delivered to meet the satisfaction point is important. Some customers want 100 bags of delivery, while several companies are capable to give that service because of their good logistic support but Bashundhara can't.

Outcomes of customer perception are reflected by repeated purchases. If repeated purchase happen continuously then it's clear that the customer is satisfied about the service of Bashundhara cement.

### **Service quality:**

In cement industry service quality is described by rapid delivery and good logistic services. Price is not related with this quality issue and sometimes consistency of quality; reliability and keeping the promises are also counted as quality. There are a few dimensions followed to evaluate the quality of cement brand. They are reliability, responsiveness, keeping the promises etc.

### **Reliability:**

Reliability means the ability to perform the promised services dependably and accurately. Promises about delivery, problem solutions etc. are included in reliability factors. "Bashundhara Cement" always gives highest effort in this reliability issues because it is very sensitive. Customer can switch brand if they think they are cheated by their existing company.

### **Responsiveness:**

Responsiveness means the willingness to help customers. In some Govt. works Govt. officials fix the cement brand but the contractors are not happy about that cement because of higher price they need to pay. “Bashundhara Cement” tries to help the contractors by consulting with existing consulting firm’s engineers. By establishing good relationship with engineers and also completing the necessary steps we can ensure that our cement will please those contractor’s projects. This gives certain advantages by taking reliability from customers and our sales increases as well. Exclusive Engineering Ltd. is a construction company which mainly works in telecom construction sector. The officials of this company called us to meet with them and told that they want to take our brand. But, they need enlistment or approval for that. We, “Bashundhara Cement” made this favor. We talked with consultant officials to approve it and now we give huge amount of cement in their construction works.

### **Tangibles:**

This term represents the service and the product physically. If we can keep the promises what we said in the promotional activities. It is the quality which is required by companies as parts.

### **Service Encounter:**

From the organization’s point of view, each encounter presents an opportunity to prove its potential as a quality service provider and to increase customer loyalty. In cement industry it is either from payment taken (if credit) or bill submission (for cash). Taking the order, then placing and passing it to distribution, ensuring the delivery and dispatch, bill submission after delivery and collecting the delivery are the procedures included in service encounter.

### **Importance of service encounter:**

Maintaining the service encounter is very important in cement business. There are thousands of orders given to companies. It is tough to arrange the logistical support. The duty of sales employees are to arrange the trucks for delivery and ensure that it reaches the site as soon as possible, then quickly submit the bill and collect the payment.

## **6. Listening to Customers Through Research**

There are various types of research/study occurring in the industry. In cement sector of Bangladesh, these research processes do not occur frequently. They try to follow some research with marketing guys, which may minimize their costing also. Authorities don't appoint any research team for this job. These researches are types of survey. On the basis of this survey and statistics they can take some necessary steps against their rivals. There are mainly 2 types of research. One is qualitative research and other is quantitative research. Qualitative research are exploratory, preliminary and conducted to clarify problem definition, preparing for more formal research or gain insight when more formal research is not necessary. Normally in our country these types of research do not take place.

Qualitative research is occurred if customer wants it. Some clients are preparing environment friendly buildings where they need special chemical attributes in cement and also special mix design. Then cement manufacturers who are willing to give them cement do research whether they can afford it or not.

Quantitative research in marketing is designed to describe the nature, attitudes or behaviors of customer's empirically and to test specific hypothesis that a service marketer wants to examine. These researches are key for quantifying the customer's satisfaction, the importance of service attributes, the extent of service quality gaps and perceptions of value. It also provides managers to evaluate competitors.

Normally, Bashundhara cement does the research for finding the price of competitors in the market. Bashundhara cement is trying to find out the gaps between expectations and perceptions though it is very difficult to find the exact gaps. Because, in terms of contractor sector the gap is very big. The reasons behind that is the contractors want credit with low cost and without any security whereas Bashundhara cement do not want to do business with contractors without any security, as past history told us that there are many fraud cases happening in this sector with various companies. In the case of developer sector the situation is almost same. But here, some firms have great reputation. In developer sector Bashundhara cement give credit with some much needed documents; those documents are required for all parties. But, for developers it is a must. Another gap about credit is, big firms needs 45 to 60 days credit, Bashundhara cement doesn't give that much credit to the customers. Bashundhara cement tries to listen to customers demand and fulfill that demand within their limit.

Elements that are needed in an effective marketing research program:

- i. First find out the company name, which companies have work/works in hand? It is sorted out by field level employees and information from various Govt. organizations.
- ii. Then company's MD or Chairman's name. Name of Managing Director/Chairman is very important not only for business but also for security.
- iii. Are they contractor/developer/industrial customer? Because of sector wise sell it is important to find out category of customers.
- iv. How much consumption they do? It is important to know that how much that customer can consume in one month, because company can give a competitive and lucrative price then.
- v. What is their past transaction history? It is important to know customers transaction history. There are various fraud customers in the cement market. So, it is important to investigate about customers past history.
- vi. What is their payment process? Payment process is important for price and also sometime important for contract agreements.
- vii. Who is/are the current cement supplier? By knowing supplier's name, we can assume the approximate unit price which customers can get.
- viii. What is the price they get? We try to find out the unit price of customers. We do this by using various sources.
- ix. How much project they have? Project quantity is important for giving unit price and payment conditions.
- x. Is the project prestigious or not? Is the project helpful to increase our brand image or brand value? For flyover/bridge/power plant projects we must lower the price because of brand image.
- xi. Is the customer loyal enough for the supplier? It is needed to know that customer is very loyal about supplier else it is hard to enter in that customers business. Example- "TSCO Power" has a great relationship with Akij cement and "Kusholi Nirmata" has a good business relationship with "Shah Cement." Other companies can't break their business. It happens because of top management relationships.
- xii. Is the customer concerned with quality or price? It is important to know customers intentions. Recently, we are negotiating with "Envoy Group." They are quality concern and don't think about price. Another customer is "Shanta Properties Ltd" they are very much quality concern. They settled their mind

themselves by believing that multinational brands are better compared to national brands.

Sometimes customers and consumers give various technical and chemical difficulties to Bashundhara cement, it is a duty of Bashundhara cement to solve it. Though, these problems occur not only for cement, but also consumer or customer attribute on cement for any construction material problem. As cement is the higher unit price than any other construction materials, in that condition it is important to listen to the consumer/customers. Otherwise we would lose the customer and affect our brand image and loyalty. Sometimes customers want to use our brand in various Govt. projects but the management or authority doesn't permit this, then we must take necessary steps to clarify these problems and find out the reasons behind this. If all are good and we are eligible to give cement to them then we solve it through giving presentation, factory visit, meeting with chief engineers etc.

**Upward communication:**

Upward communication is very important in cement sector. All the sales employees always report their respective reporting boss about their customers and they inform about the customer's demands, the condition and the price of the rivals. When one customer agrees to use our cement then we enlist the customer and take approval from top management with all related information about that customer. Without enlistment and code no party can get any cement from Bashundhara group.

Here executives have the power to negotiate about price in certain limit. They can meet with customers unless customers want different things. Despite having power, the sales employees works to acknowledge the top management, complete the task with their approvals. Without communicating at the top management, a sale is impossible in cement industry. Because, issues like price approval, price reduction, credit approval etc. are needed for some customers who are risky. So, without acknowledging them it might be unsafe and may hamper his career in near future.



## **7. Building Customer Relationships**

### **Customers as strangers:**

Strangers are those customers who have not yet had any transactions 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. The primary goal with these potential customers is to initiate communication with them to attract them and acquire their business. Thus, the primary marketing efforts directed towards such customers deal with familiarizing those potential customers with the firm's offerings and subsequently encouraging them to give the firm a try. But, it is not easy for Bashundhara cement because they may have the brand name but they are new in the market. We are yet to create an established brand image in the customer or consumers mind. May be we can create the brand image in the customers mind but consumers reformulates it. To create a good first impression of Bashundhara cement, we submit the company brochure, profile, test reports and major projects where Bashundhara cement was used. We are doing the same thing for the customers who currently consume our competitor's cement as some existing customers don't know about our cement.

### **Customers as acquaintances:**

Once the customer and the firm become acquaintances, the primary goal for Bashundhara cement at this stage of the relationship is satisfying the customer towards creating the basis for an exchange relationship. But, it depends on how one customer would be satisfied. Some customers may satisfy with unit rate or some satisfy with credit facilities or credit limit, some customers may satisfy with quality. Bashundhara cement takes necessary steps in terms of condition or requirements of customer and tries to satisfy them up to their demand. For doing this, we must assure that we always stay one step ahead of our competitors. When customers will be familiar with the product and the service procedure of Bashundhara cement, that will increase the brand loyalty which is very much necessary for cement sector.

### **Customer as friends:**

In Bangladeshi cement sector there are few companies who are counted as friends for companies. From companies who keep promises as per contract or agreement they are treated as good customers, all the companies love them and treat them with good services, qualities and prices. If some emergency occurs they are counted as first priority.

### **Customers as partners:**

When the level of trust deepens, then customer may receive more customized product offerings and interactions. If customer is getting support from particular cement company all the time he gets very loyal to those companies and they also improve the existing cement companies brand image. It will also help them and the cement manufacturer. At that time they work as partners with cement manufacturer. Customers may give effort to enlist them in

big projects. Example “Toma construction” did for Shah Cement in Moghbazar flyover project. They did this for price and credit benefit. Toma Construction took initiative itself for approval of Shah Cement from LGED. Another company “DCL” did the same thing for Premier Cement in Kadamtali flyover project. They got some special price & logistic benefits from Premier Cement. Another example is Bashundhara cement for “Contech Construction Ltd.” Because of logistical facilities Contech Construction wants to take Basundhara Cement.

### **The goal of relationship marketing:**

The goal of relationship marketing of Bashundhara Cement is very simple, that is to increase repeat purchases. By doing repurchase the brand loyalty and brand image also increases. Sometimes because of relationship marketing some customers of Bashundhara Cement are not affected by low price or they don't bother about multinational brands. Thus, the primary goal of relationship marketing for Bashundhara Cement is to build and maintain a base of committed customers who are profitable for the organization. By doing this, our competitors cannot get into the business with those customers. We do it through various ways, sometimes we establish the relationship with 3<sup>rd</sup> parties who works as an influencer or consultant.

### **Benefits for customers:**

Customers will remain loyal to a firm when they receive greater value relative to what they expect from competing firms. Customers are more likely to stay in a relationship when they get quality, satisfaction and specific benefits. Sometimes because of quality, customers can achieve the benefits and also confidence. Like GM of project management in “Envoy Group” and owner of a one real estate company want to take our cement because, he previously used our brand and he is happy about our quality. There are some specific benefits needed by companies, like “Glory Group” and “Exclusive Engineering Ltd” works in inaccessible areas. It is tough to deliver there, only Bashundhara Cement can deliver there through trawler. Because of that, they are very loyal about Bashundhara Cement. At times, special benefits for some top class employees from us helps. We give them some amount of miscellaneous bills for continuing orders. Some employees of “Rupshi Concrete Products Ltd” get some benefits from us. If we refuse to give, then they would cut the relationship with us. We

give seasonal gifts, festival gifts etc. for valuable customers. Like in pahela baishakh, we give our customers sweets, in the mango season we provide some mangoes to our customers and in Eid we give some gifts.

### **Confidence Benefits:**

In B2B sector consumers and customers have enough confidence about quality, consistency and distribution. Almost all customers have good confidence on us because of brand image of Bashundhara cement and also the previous records of product. Those who don't have enough confidence on us collect through various tests in respective organizations. Nowadays, everyone consult with civil engineers before construction. They ask about construction materials also. We practically established a good quality image in the engineer's minds; they are working as an influencer for unknown customers.

### **Special Benefits:**

Special benefits occur much in cement sector. For doing business, some companies give special services for special customers. They are accepted as special customers because they have huge number of quantity or special type of project (like bridge, flyover, power plant etc.), which can enlarge our brand image. Our client "mark up spinning mills ltd." got special benefits from us. Normally we don't give labor after certain territory. However, we gave them labor in Valuka, Mymensingh, because they had the quantity of at least 4000 bags per day. And they are the sister concern of square group. That's why we treat them as special customer and give them special facilities.

### **Benefits for firms:**

#### **Economic benefits:**

One of the common economic benefits of customer is the retention in increased purchases over time, not only increasing purchases but also increasing the amount of payment. As customers get to know a firm and satisfied with the quality of its services relative to that of its competitors. Highly satisfied customers are willing to pay more for a provider's success. So, payments come regularly and fast.

Another economic benefit is lower the cost of other marketing expenses like advertising and promotional costs. Many costs are associated to attract the customers. If the customers have enough trust on us, then we can avoid these costs which could be economically beneficial for the firm.

#### **Customer behavior benefits:**

The most easily recognized customer behavior benefit that a firm receives from long term customers is the free advertising provided through word of aperture communication. Aperture communication means communication through social media like facebook, twitter, linkedin etc. Without social media, we can't think of our daily

life. Currently Bashundhara Cement is planning to start a facebook page of its own for aperture communication where customers share their experience about Bashundhara cement. A product like cement is complex and difficult to evaluate and small risk is involved in the decision to buy. Consumers often look to others for advice on which providers to consider. Satisfied loyal customers are likely to provide a strong word of praised endorsements. This form of advertising can be more effective than any paid advertising that the firm might use and it has the added benefit of reducing the costs of attracting new customers. Other customer benefit is, if Bashundhara cement faces delivery problem then they will tolerate the delay because of good relationship.

### **Relationship Development Strategies:**

#### **Core service provision:**

A cement company needs to begin the relationship development process by providing a good core service delivery that meets customer expectations and provides customers with perceived value.

#### **Switching barriers:**

Two types of switching barriers occur in cement sector.

1. Customer apathy.
2. Switching costs.

In Bangladeshi cement industry, customer apathy occurs but switching costs is not seen regularly.

#### **Customer apathy:**

In cement sector, some customers commit to developing relationships with firms where certain amounts of efforts are required to change firms. Normally, these customer apathy problems occur to those customers who are dealing with bank guarantee or getting credit facilities. If one company gives 50 lac taka bank guarantees to a cement company then it will not be interested to give another bank guarantee for another company. Because, bank guarantees bear certain costs and needs that amount of money available in the mentioned bank. There certain amount of bank interest is given to customers.

For credit, they are taking credit from cement companies. They took credit which they mentioned in customer log. Until clearing these amounts, it is tough for them to go to another company. If they don't pay these amounts it will hurt their reputation and they may be black listed for all companies which also hamper their business.

### **Relationship bonds:**

There are various bonds applied in various industries, which varies from industry to industry. In cement sector, mainly relationship and structural bonds occur. Some companies have customization bonds also.

### **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 for a long time. Bashundhara cement has some financial bond with some companies like Bestec Engineering, Sinamm Enigneering, Mir Akhter Group, Abdul Monem Limited, ABC group, Rupayan Group etc. Because of their heavy volume, we give them huge credit days and credit limit with a lower price compared to others.

### **Structural bond:**

Structural bond involve structural as well as financial, social and customization bonds between the customer and the firm. Structural bonds are created by providing services to the client that are designed right into the service delivery system. Bashundhara cement also established some structural bonds with some customers like abdul monem Ltd., square group etc. by providing them cement silo in their sites. Though, before doing this we must ensure their consumption.

### **Relationship Challenges:**

#### **The wrong segment:**

In cement sector, all the companies do segmentation for targeting customers. Normally, we follow 3c's of one customer. These 3c's are- characteristics of customers, capital and capacity. In Dhaka or around Dhaka Bashundhara cement can't sell to contractors because we can't match the price of premier, fresh, mir, tiger and shah cement. Therefore, we don't bother about those customers. They want lower prices which Bashundhara cement can't serve. Bashundhara cement also have very few sales to Chittagong, as there are a lot of domestic Chittagong based cement companies in Bangladesh. We can't compete with them with price because of long distance.

#### **Not profitable in the long term:**

Sometimes we offer lower prices to customers for cash business only. But, they take those cash prices for business with us. From time to time, we offer cash business for some customers and they agree with it and do business at first couple of months. After that they want credit which we can't give them because management only approves cash business for them.

**Difficult customers:**

Some customers are very difficult to maintain in business. They want cement at evening, when our office is off and it is difficult to arrange vehicle for delivery. Several customers have other problems too, they don't pass the check in the right time and always delays. In terms of bank guarantee some customers don't give check within 30 days, they take time and give check within 60-75 days.

**Ending business relationships:**

Normally, in this competitive market companies don't want to lose some customers unless it is a bad situation. When one company is stuck with credit then relationships fall and business goes down.

## **8. Service Recovery**

### **The impact of service failure and recovery:**

A service failure, simply defined as service performance is the failure to meet a customer's expectations. Typically, when a service failure occurs, a customer will expect to be compensated in the form of any combination of refunds, credits, discounts or apologies. Example is price compensation of "Glory Group" we have given. Recently, we were not delivered the order of "Glory Group" because of some raw materials and some technical problems of factory. They decided not to do business with us for this incident because of heavy loss they suffered. Then we reduced the price from 440 to 435tk to recover that impact. They accepted our offer but alerted us for this type of incidents in future. The success of such recovery efforts is determined by the individual customer expectations and perceptions of the organization. Two key elements impact any effort to restore customer satisfaction: the strength of the customer relationship and the severity of the service failure. The strength of a customer relationship with the organization prior to a service failure has a buffering effect in the event of failure. Research suggests that, customers who expect the relationship to continue actually have lower service recovery expectations and in turn are more satisfied with service performance after recovery.

### **Service recovery effects:**

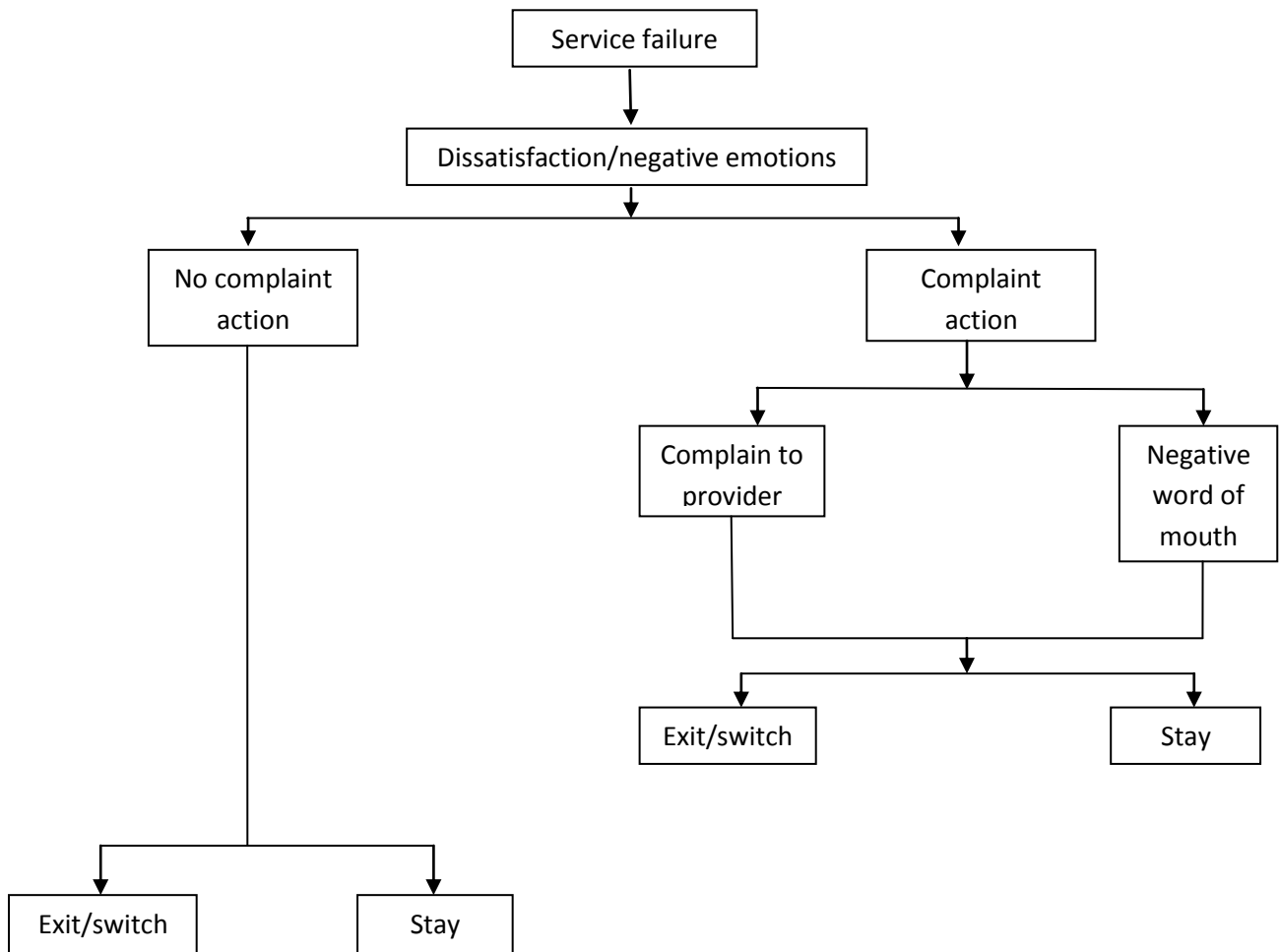
The severity of the service failure moderates the relationship between satisfaction and commitment. Even with strong recovery, research indicates that customers may still be upset, engage in negative word-of-mouth, less likely to develop trust and commitment to the organization, if the original service failure was really bad. In these cases, managers need to do more to mend the customer relationship and restore commitment. To identify such cases, service organizations need to track and identify occurrences of service failures as well as the severity of each. The data available at the point of any service failure, most notably the information provided by the customer at the time of the complaint should be viewed as critical. Marketing research data are not only necessary for immediate service recovery but also for improvement of future performances. A service failure is defined as a failure to meet customer expectations and the success of any recovery effort is measured by each individual customer against his/her own expectations. Therefore, managers would be well served to conduct a post-recovery assessment of customer expectations and perceptions of recovery performances against those expectations.

### **The service recovery paradox:**

The service recovery paradox is the result of a very positive service recovery, causing a level of customer satisfaction and/or customer loyalty even greater than expected, if no

service failure had happened. In cement sector, this service recovery paradox happens rarely. Because of highest unit price, customers in construction sector are always in tension with steel and cement. But customer might be happy if service recovery team responds quickly and they can get back their compensation. Though it is rare that companies give compensation on every complaint. Normally, Bashundhara cement gives 3-5tk compensation from their current price per bag cement.

**How Customers Respond to Service Failures:**



**Fig: Customer Complaint Actions Following Service Failure**

Maximum customers are active with their dissatisfaction. It provides some negative emotions in their mind. They complaint to providers and tell them to take necessary actions. Example: “One Properties Ltd.” is one of our customers. Few days back they had some problems in cement bag, they complained about it. Our technical team went



to the site, found out the reasons and reported to AGM, Technical Support. Then he/his team members communicated with clients respective person about it and tried to convince them with appropriate reasons. They are satisfied now and continued purchases. All are not the same, like “Headway Holdings Ltd.” they faced some problems few weeks ago. They complained and we solved but they did not purchase “Bashundhara Cement” further.

Very few customers have nothing to say and they passively shut down their business with current provider. These types of customers who do not complain are not very likely to return. “Premier Cement” had one customer named “Liberty Associates Ltd.” Couple of months ago they found that their cylinder for strength checking failed. Then they made no complain to “Premier Cement.” they just switched off the brand without acknowledging.

One of the customers of “Bashundhara Cement” is “Mukta Construction Co.” Couple of days back they found problems in cement bags. They did no complaining and continued purchasing our brand. Last week they told us to lower our price.

#### **Why people do/ not complain:**

As we see the figures, earlier some customers did not complain and some customers gave complaint. Those not complaining are feared about the compressive strength results. Those who use it in industrial construction think it may harm their construction and those who use it in Govt. works think it will block their payment because of bad element or strength failure. That’s why they give complains and tell company to solve this problem and clear it why that incident happened. They also clear the responsible from this. Because of higher unit price people are always worried about cement and concrete.

#### **Types of complainers:**

There are 4 types of complainers.

1. Passives- customer complaint to self.
2. Voicers- customer complaint to company.
3. Irates- complaint to friends/competitors.
4. Activists- complaint to authorities.

Normally in B2B sector of Bashundhara cement customers act as “activists.”

#### **Respond quickly:**

At first responding quickly is the most important thing. If we respond slowly then it will be higher amount of switching customers. Anger of customer will be raised. Normally, Bashundhara cement employees are not late at this type of cases. Here is a

technical support department, which normally takes care of these events. Any member of this team must go immediately after the complaint. If it is very far then they take some time with permission from the customer.

**Supply adequate information:**

It is always necessary to supply the customer with proper and appropriate information, which will help to convince customers that it is not our product/production fault.

**Supply adequate explanations:**

Customers have the right to know about their problems because they invest heavily in construction. So it is their right to have adequate explanations about the problem. But in reality, cement manufacturers do not do that. Because, they believe it will cause customer loyalty failure and increase customer frustration. That's why they always try to ignore the problems of cement. Sometimes they try to hide it, where Bashundhara cement is no different. In this type of cases, they first find the problem and causes behind problem. If blame goes to customer's side then Bashundhara cement willingly pronounces that, if it goes the other way then they try most to transfer it to the customer's side. This is companies order, otherwise it will impact very harshly on the company. But, the officers give adequate explanation to the reporting boss and they take necessary steps to solve the problems.

**Service Recovery Strategies:**

**Fixing the problem:**

For better explanations, most of the time our officers collect samples and send it to the factory and other testing associations for tests and research. This helps us to find the exact reasons behind the problems.

**Switching or staying:**

Normally in cement sector of Bangladesh customers switch without staying, as there are many cement companies and market is very competitive. Customers can't take risk on it. Better solution for them is switching, if it is proved that fault was by Bashundhara cement.

## **9. Integrated Service Marketing Communication**

Today's consumers receive communications from a far richer variety of marketing vehicles, websites, social media, mobile advertising, blogs, virtual communications, direct mail, movie theatre advertising, e-mail solicitation, targeted magazines and host of sales promotions. While a company cannot control outside sources, ensuring that messages from all company sources are consistent is a major challenge for service marketers. Bashundhara cement also tries to send a unified message to consumers through interactive marketing communications and external marketing communications.

Integrated marketing communications build a strong identity in the marketplace by trying together and reinforcing all your images and messages. IMC means that all your corporate messages, positioning and images, identity are coordinated across all venues. This integrated marketing communication is very important, where many employees from service provider communicate with the consumers. In case of Bashundhara cement, it happens only in big projects or big clients with bulk volume. So we, the employees are very concerned about communications that customers do not get any wrong messages and offers we cannot deliver.

### **Key Service Challenges:**

#### **Management of Service Promises:**

The main promise Bashundhara cement gives to customers is best quality cement with consistency and others promise better distribution channel with quick delivery. These 2 things are very important in B2B sector of cement industry. Nonetheless, it is a challenge for company like Bashundhara cement as in some zones we face various competitions. Like in Chittagong, we face price problems because of higher transport cost.

Sometimes we face distribution problems in B2B sector. Our competitors have various moorings in north and south Bengal, which we don't have. We have 2 factories, one in Mongla and other in Narayanganj. Our management thinks, we don't need moorings in north and south Bengal because of Mongla factory. In reality, for mooring we face tough competitions in some districts.

### **Customer Education:**

Normally, in cement sector most customers know few about cement. Some customers have no idea. What are the types of cement, which cement is applicable for certain project, where OPC (Ordinary Portland Cement) or PCC (Portland Composite Cement) is needed, which cement is good for them- these are the answers they don't know. That's why Bashundhara cement arranges workshops, contractors meeting, engineers meeting, technical seminar and factory visit for educating the customers. It will help

customers, whether they take Bashundhara or not it will help them in future to choose good product.

### **Internal Marketing Communication:**

Internal marketing communication is very necessary in cement industry. Without a good vertical and horizontal communication, a company can't survive in the market and also can't maintain good relationship with customers. After receiving orders from customer's employees coordinate with their colleagues/bosses of distribution department, then ensures the delivery as per promise.

### **Use Buzz or Viral Marketing:**

Buzz marketing is regularly happening in cement industry. One customer buzzes for one company when he gets some facilities like he is satisfied about quality, distribution services or the price. Bashundhara cement can't pay them and do not give them extra facilities, however it helps Bashundhara cement in establishing brand image without any cost.

### **Create Advertising:**

Advertising helps Bashundhara cement to become popular. In the advertisement, we show the technology we use in manufacturing cement and the secret of our higher strength. We make an informative advertisement which can attract people to use our cement.

### **Feature Satisfied:**

We tell in the advertisement that we can give them certain psi compressive strength in 28 days and we also tell the customers through brochure, profile and report about our chemical composition for ordinary Portland cement and Portland composite cement. Most of the customers tested it in various organizations like BUET, CUET, KUET, RUET, DUET, various LGED offices etc. to ensure it. If they are satisfied with the results and found the exact features which were told to them, they suggest our brand to their relatives, friends and colleagues.

## **10. Way Forward for the Company in Delivering Best Quality of Services**

For delivering the best quality of services, all the companies try to improve the distribution section.

Bashundhara Cement is preparing following steps to launch-

- i. Enlarge the technical support team. At present, one cement company can't sustain without any technical team. Because, this team work increases the brand image and produces loyal customers by convincing engineers and masons. They increase the technical seminar, workshop, mason meeting, engineers meeting. All big companies have bigger technical support team compared to Bashundhara cement. So, it is needed to increase technical member in Bashundhara cement, recruitment of engineers not only in Dhaka but also for outside.
- ii. Divide the corporate team firstly sector wise, then area wise for delivering higher quality services. Corporate team must be divided into 4 categories. They are real estate, industrial sales, Govt. works & contractors, bulk etc. Then every sector needs dividing into 3 or 4 categories in terms of area. Next come manpower distribution in these categories in terms of their potential strength. It is easier for employees to deliver better services.
- iii. Thinking to start mooring delivery, this is very much necessary for North Bengal distribution, as other companies deliver cement bags from various moorings to North Bengal. This will reduce costs of delivery, so it is necessary for Bashundhara cement to establish moorings in different locations in North Bengal.
- iv. Taking necessary steps to establish a concrete laboratory in head office. Sometimes emergency tests are needed for the company at numerous reasons. At that moment, if company sends materials to laboratory it will take time. For faster results, company must establish a lab in the head office.
- v. Technical team is trying to add mobile lab services in their department. Mobile lab is very much effective for cement companies, this lab can serve customers and consumers in the field and through this field results they can also justify us. It will also increase our confidence and help to improve our quality.
- vi. Increasing the number of visits for engineers in Modonganj & Mongla factory is imperative. Through their visit they will know about our cement physically and chemically. They will know about the technology we use, why our cement is better compared to others.
- vii. Also planning to launch CEM-II/A-M (Portland Composite Cement which contains 80-94% clinker, 6-20% mineral ingredients & 0-5% gypsum) category and sulphate resistant cement. Sometimes special requirements of these kinds

are coming to us. So, we must setup the manufacturing system for these kinds of cements.

- viii. If they launch CEM-II/A-M, then they will reduce the price of CEM-II/B-M (Portland Composite Cement which contains 65-79% clinker, 21-35% mineral ingredients & 0-5% gypsum). We can compete with lower price segment who works in Govt. works after that.
- ix. Bashundhara cement needs to increase the brand image of the company. To increase brand image we have to target the reference group like engineers, masons etc.
- x. We are planning to give scholarship program for 4<sup>th</sup> year students of BUET under Civil Engineering Department. When they get Govt. jobs or get bigger posts in their jobs they may recommend our brand.

## **11. Conclusion**

Cement Industry is a relatively fast growing industry and it is developing in pace with increasing building and construction activities. There is a critical competition in the market. Currently in Bangladesh, supply of cement is higher than demand. As cement is an industrial product, reference group is important for its sale. Bashundhara Cement should keep a close eye to generate new ideas for reference groups along with customers and users for its better growth. Bashundhara Cement should continue to make additional investments to further expanding the coverage and increasing the capacity of its network. Real estate sector must be spread all over the country not just in big cities. This will be better for consumers as well as manufacturers because of increasing demand. The company is committed to provide quality service all over Bangladesh and render towards having a satisfied group of customers. This industry not only promises to build people's homes but also contribute to the overall development of the country.

## **12. Appendix**

1. [http://www.bangla2000.com/BusinessWorld/Company\\_Profile/Bashundhara/Bashundhara.shtm](http://www.bangla2000.com/BusinessWorld/Company_Profile/Bashundhara/Bashundhara.shtm)
2. [http://en.wikipedia.org/wiki/Bashundhara\\_Group](http://en.wikipedia.org/wiki/Bashundhara_Group)
3. Services marketing, 6<sup>th</sup> edition by Valarie A Zeithmal, Mary Jo Bitner, Dwayne D. Gremler, Ajay Pandit.