

**MANHATTAN GMAT**

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CAT Exam #5

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AWA ESSAYS: Analyze Issues

ESSAY QUESTION:

"As technological development continues to intensify business competition, the quality of customer service is likely to become the only sustainable source of competitive advantage."

Explain what you think this quotation means and discuss the extent to which you agree or disagree with it. Develop your position with reasons and/or specific examples drawn from history, current events, or your own experience, observations, or reading.

YOUR RESPONSE:

In face of intensifying business competition due to continuing technological development, it is believed that quality of customer service is likely to become the only sustainable source of competitive advantage. While most believe that quality of customer service can form an important factor in competitive advantage, other believe that it highly overrated. As we will discover in this article, the quality of customer service is indeed an important factor but it may not be a sustainable factor or a factor in isolation to provide a competitive advantage.

Firstly, the customer service is indeed an important part of any business. A business, whether selling a product or a service, needs to deal with the customer who purchase those products or services. In all interaction with the customers the business tries to present itself in a proper manner for the requirement of the customer. It is very important for any business that more and more number of people buy its products. The repeat business is as important as addition of new customers. More customers generally leads to more revenues and thereby more profit. Considering the fact that many organizations are more occupied with the internal operations such as research and development, production of products and employee management, it is easy to neglect customer service which does not add directly to the bottom line. Therefore, the companies who invest in the customer service will definitely have a competitive edge over others and can look forward to better relations with their clients.

Secondly, it must be understood that while customer service is indeed an important aspect it may not be sustainable. As the customer service does not form a core part of a company's business, they are generally not ready to invest heavily in this area. A better alternative generally is to outsource such an operation to a third party at lower cost. While such outsourcing generally does make the company better at customer service it does increase the risk that a competitor can also get similar service. So it provides no distinction

to the company. The major differentiating factor then is that the feedback received from the customer must be properly addressed. For example, most of the software companies provide a feedback tab in their softwares, which can provide invaluable input to the company. If the company does heed such inputs and has proper mechanism to capture and process those then only it may provide competitive advantage to it.

Finally, there are other factors which may provide competitive advantage and may also be sustaining. Such factors include patented technology, special deals with suppliers and so on. But none are sustainable forever. Therefore, the company must constantly assess its standing relative to its competition to find a differentiating factor. For example, Apple is company for which aesthetics of its products is a differentiating factor. However, with each technological change it must update its products accordingly.

To conclude, it may be said that while quality of customer service does provide a major edge to the company considering the technological developments, it is not sustainable just like other such advantages.

All such advantages must be constantly reviewed and effectiveness reassessed with time.

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