The Seven Point Advantage?[[1]](#footnote-1)

“Did you see the advertisement of ICL in the Deccan Herald today?” asked Sanjeev. “No, I hadn’t. Too many things this morning and I didn’t even have time for the headlines. What’s it all about?” replied Swetha. “Okay, here it is” said Sanjeev, throwing the newspaper on the table, folded in such a way that the half-page advertisement of ICL is on the top. The advertisement has a large bar chart showing a larger bar for ICL and a much shorter bar with the label NSIS. The text below screamed at Swetha – “72 percent of our customers come back to ICL for repurchase whereas only 65 percent of NSIS go back to NSIS for repurchases. That **is** a full **SEVEN** percentage points more!”.

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“Why do they always try to take on us like this?” retorted Swetha. “They are implying that our customers are much more dissatisfied with our machines. I don’t think this is right. How did they ever manage to get any information about our customers anyway? Please see what you can do about this and let us plug these leaks, if any, okay?”.

Swetha is the Managing Director of NS Infoech Systems (NSIS) which is into software services as well as manufacturing of personal computers and other accessories such as printers and scanners. Sanjeev is the General Manager heading the Hardware Products Division of the company. Indian Computers Limited (ICL) is the competing hardware manufacturer. They lag behind NSIS in market share. But, of late, there had been a spate of advertisements trying to compare their products with NSIS and invariably showing NSIS in a bad light. Obviously, Swetha and Sanjeev are concerned with these advertisements and NSIS is seriously considering reporting ICL to Advertising Standards Council of India (ASCI).

Sanjeev met Swetha next day in the afternoon. “I got some information from a very reliable source in ICL. There was no leak from our side. They hired Survey India Inc. (SII) to carry out a small study on the repurchase pattern of computers by different entities, including individuals as well as companies. It seems SII contacted a number of such entities and recorded the repurchases done in the past 12 months. I understand that they covered 150 customers of ICL and 108 of them went back to ICL for repurchase. They could contact only 100 of our customers, and 65 of them seem to have reported that they had come back to us for the repurchases. SII, as you know is a very reputed organization. We can take their data as quite reliable”, Sanjeev explained.

Swetha started wondering if the “seven percentage points” mentioned in the advertisement does really mean a big advantage to ICL. Does it? Are we really falling behind?

1. Developed by V. Nagadevara, Indian Institute of Management Bangalore [↑](#footnote-ref-1)