Daikin India: Paradise Lost

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On a hot and humid evening of a North Indian summer, Sarbani was brooding over the decision taken by her husband to purchase a Daikin inverter split air conditioner (AC) for their guest room. As the heat pushed in on her and the overwhelming humidity almost numbed her senses, she was left wondering about her husband’s sagacity of not remaining loyal to the tried and tested brand of AC that the family had been using for about a decade. The family had decided to purchase a new brand (Daikin) with a new technology (inverter AC).

FAMILY REQUIREMENT

On a balmy February evening, Sarbani had mooted the idea of purchasing an AC for the guest room in their new home. The kids had a summer vacation coming up in three months’ time and the family needed to be ready to welcome their guests who, along with their kids, were scheduled to visit the family during the vacation. Sarbani wanted to be prepared, in advance, to avoid any last minute glitches.

The family had been using two ACs from a different brand. They had a great experience with the product as well as the customer service. However, those were window ACs and the family wanted to upgrade to a split AC for their guest room.

PURCHASING THE NEW AIR CONDITIONER

Sarbani suggested that they purchase a split AC of the same brand that the family had been using. However, her husband, Sarvagya, insisted on doing his own research before taking the final call. One day, over a cup of coffee, Sarvagya discussed his plan of purchasing a new AC with some of his friends. He mentioned that he was looking for an energy efficient machine and was planning to purchase a 5-star rated AC. One of his friends stated that in case of split ACs, the star rating has become redundant with the advent of inverter ACs that were more efficient. However, she failed to explain how the inverter AC is a better product to consider.
This conversation led Sarvagya to explore and understand the newly introduced inverter ACs. He was curious to know if the machine will work even if there is a power cut as it is known as *inverter AC*. He visited various websites to understand it better. Though he was disappointed to figure out that the supposed *inverter* will be of no help in case of power cuts, the technology had its own benefits.

### Air Conditioning Market in India

The air conditioning market in India can be broadly classified into two parts: split ACs and window ACs. The market is primarily dominated by split ACs and more than 90 per cent of the new sales is driven by it. The air conditioning market in India has been clocking a healthy 10 per cent year-on-year growth. However, the primary driver of this growth has been the split ACs. As can be seen in Exhibit 1, split air conditioning market has been steadily growing at more than 11.5 per cent per annum. On the other hand, the sale of window ACs has been steadily declining.

The split ACs can be further divided into two categories: non-inverter AC and inverter AC. A traditional AC, that is, a non-inverter AC typically operates at a fixed capacity. This fixed capacity at which it operates is called rated capacity. The rated capacity operates at a high power, therefore making it difficult to maintain the given temperature set by the user. Non-inverter ACs do not have the ability to dynamically control the power and speed at which the compressor operates. Thus, in order to maintain the temperature, set by the user, non-inverter ACs switch the compressor on and off repeatedly. Apart from being energy inefficient, this also negatively impacts the user comfort as the room temperature does not remain stable. Unlike traditional non-inverter ACs, an inverter AC suitably adjusts the power and speed of the compressor without repeatedly switching it off and on. It constantly controls the voltage and current sent to the compressor (Exhibit 2), thereby controlling the power at which the compressor operates. It also controls speed of the indoor and outdoor fan units and the flow rate of the refrigerant, thereby maintaining the room temperature set by the user.

### Exhibit 2. Working of an Inverter AC

![Diagram of Inverter AC operation](source)
user. This not only leads to better comfort for the user but also reduces the energy consumption significantly.\(^1\)

The family scouted the market and found that multiple brands of inverter ACs were available. The leading manufacturers of ACs in India are Voltas Ltd, LG Electronics India Pvt. Ltd, Samsung India Electronics Pvt. Ltd, Daikin Airconditioning India Pvt. Ltd (DA IPL), Videocon Industries Ltd, Panasonic Home Appliances India Co. Ltd, Hitachi Home and Life Solutions (India) Ltd, Godrej & Boyce Manufacturing Co Ltd, Haier Appliances India Pvt. Ltd, Blue Star Ltd, Whirlpool of India Ltd, Carrier India Pvt. Ltd, and Electrolux AB in that order.\(^2\) Though Voltas, LG and Samsung are the top three players in the market, Daikin, backed by its superior technology, has very quickly become the fourth largest manufacturer of ACs in India.

Their daughter, aged seven, had expressed strong reservations about the idea of purchasing a new AC. In her environment class at school she had been told about the greenhouse effect and its detrimental effect on the atmosphere. It had also been explained to her that ACs contribute to the greenhouse effect as the refrigerant used in it is a greenhouse gas. She did not want to contribute to the problem and hence was against the idea of purchasing a new AC.

This made Sarvagya wonder if technology has advanced since their last purchase of an AC, which was about a decade ago, and if a better, eco-friendly alternative is available now. He was happy to learn that unlike their window AC that uses non eco-friendly R-22 refrigerant, a powerful greenhouse gas with ozone depletion potential, better alternatives have emerged. One of the most commonly used refrigerants by most of the manufacturers in recent times is R-410A gas which does not contribute to ozone depletion. However, it is still not completely eco-friendly as it has a high greenhouse effect and hence high global warming impact. A new refrigerant called R-32 is being viewed as a better alternative since its global warming potential is just one-third than that of R-410A. He got to know that Daikin is one of the pioneers in the use of R-32 refrigerant in household ACs.

**Daikin India**

Sarvagya was happy to know that in March 2013, Daikin India began the sale of residential ACs using R-32 in Indian market. He also noted that it is the only brand of AC available in Indian market using the R-32 refrigerant.

Daikin Industries Ltd (DIL) was founded in Japan in 1924. In 2015, it became the leading manufacturer of ACs in the world.\(^3\) Apart from being a dominant player in the Japanese market where it commands over 40 per cent market share, it is a leading brand in all other major markets, namely America, China, Europe and Asia. DIL entered the Indian market in 2000 by establishing a joint venture company Daikin Shriram Airconditioning Pvt. Ltd which was formed in partnership with Usha Shriram Group. Initially, DIL had an 80 per cent stake in the joint venture. In 2004, it acquired the remaining 20 per cent held by Usha Shriram Group. Thus, in 2004 DAIPL became a wholly owned subsidiary of DIL. In India, it has 15 sales offices, 5,300 channel partners and more than 500 authorized service providers.\(^4\)

The manufacturing plant of DAIPL is in Neemrana, Rajasthan. It is a state-of-the-art automated plant with robust quality control mechanisms that are centrally controlled. The plant achieves fast and faultless production of high quality ACs. One of the cornerstones of Daikin India’s business philosophy is providing superior technical support and after-sales service to its customers. Its after-sales service philosophy is anchored around three key aspects of promptness, reliability, and care.\(^5\)

Though the inverter AC of Daikin looked promising, the father was still concerned about the availability of post-purchase service from the manufacturer. He visited couple of multi-brand white good retail outlets and received a good feedback about the quality and availability of manufacturer’s service. The fact that the manufacturer operates its service branch office in his city of residence gave him the necessary confidence.

On 7 February 2016, the family purchased a Daikin Inverter AC model FTKH50 QRV16 S-AC. The installation of the AC was part of the deal and the retailer’s responsibility. Each AC came with a standard length of copper wire required for installation. However, it was mutually agreed upon that if the copper pipes required for installation exceeded the standard length that comes with the machine (namely 12 metres), then the cost of the additional length of the pipe will be borne by the customer.

On 8 February 2016, the machine got delivered and installed by the technician at the desired location. Over and above the standard 12 metres, an additional five metres of copper pipe required for the installation was paid for separately. This additional 5 metres of pipe was
welded to the standard length supplied with the machine and the installation was completed. The machine was switched on and the blower was functional. However, given the low ambient temperature, that was natural in the month of February, the compressor did not kick in. The mechanic explained that the compressor would start only if the ambient temperature is above a given threshold. The installation was deemed to be successfully completed. Thereafter, the machine was not switched-on for next two months as the weather condition did not necessitate it.

6 APRIL 2016 (WEDNESDAY)
With the advent of summer, Sarbani planned to get the AC serviced and prepared for use. Since three free services were part of the deal, she logged a service request with Daikin’s call centre at around 11.30 am and received a confirmation over text message (Exhibit 3). On the same day, in the afternoon, the technician visited and serviced the AC. Post-servicing, when the machine was switched on, the AC did not cool the room. The technician suspected refrigerant leakage to be the cause. He visually checked all the joints linking the outdoor unit (ODU) to the indoor units (IDU). However, no leakage was detected. Sarbani was advised by the technician to log a complaint with the call centre. He said that since he had come to service the machine, he was not carrying the necessary equipment to do a thorough checking for the leakage. Neither did he have the refrigerant to re-fill the leaked amount. He said that once Sarbani logs a complaint with the call centre, they will send someone with a cylinder of nitrogen gas. Once the gas is pumped in, the point of leakage will get immediately identified and rectified.

7 APRIL 2016 (THURSDAY)
As advised by the mechanic, in the morning, Sarbani registered her complaint with the Daikin call centre and got a confirmation over text message (Exhibit 2). While registering the complaint, she gave a detailed description of the chain of events until date. She was assured that someone from the service centre will be visiting her house and the problem will be resolved as soon as possible.

Given the previous experience, Sarbani expected the mechanic to come by the evening. One of her friends was in town and they had plans to catch up over lunch in a restaurant in the central business district. She cancelled the scheduled lunch as someone had to be present at home to receive the mechanic and get the job done.

Unfortunately, the mechanic did not turn up. Sarbani was livid, especially, since she changed her plans to accommodate the mechanic’s visit. Her husband asked her to be patient. He argued that since it was the peak season for the sales of ACs, the mechanics might be overloaded with installation of new ACs. A delay of a day or two was understandable. He hoped that the mechanic would visit by Friday evening or by Saturday morning.

However, when no one turned up even by Saturday evening, they wrote an email to the company (Exhibit 4). On Sunday morning, they received a text message confirmation of the receipt of the email (Exhibit 5).

Exhibit 4. Email to Customer Service Department of Daikin India
Typed Text of the Above E-mail Is Given Below:

Date: Sat, Apr 9, 2016 at 7:38 PM
Subject: AC Not Working
To: cs@daikinindia.com

Hi,

I had purchased a Daikin AC model FTKH50 QRV16 S-AC on 7th February 2016. The AC is not cooling. I had reported this issue earlier also (service request LKO160451495). The service engineer who came told me that the gas might have leaked and since he did not have R 32 gas with him, the...
problem could not be rectified. He just serviced the AC and left. Please send a service engineer as soon as possible so that the AC can be made operational.

Best regards

Typed Text of the Above E-mail Is Given Below:

Dear Sir / Madam,

Good Day!!

We regret the inconvenience faced by you in your Daikin Air-conditioner.

As per your mail, we have raised a service request vide ref. no. LKO160451495

Note:-If your unit is in under warranty, kindly show the bill at the time visiting Engineer.

You can also get in touch with us by giving SMS <DAIKIN> to 92101 88999 or giving missed call to 92101 88999.

Thanks & regards,

Daikin Airconditioning (India) Pvt. Ltd.,
Customer Care Helpline:
SMS: <DAIKIN> to 92 101 88 999
Give missed call: to 92 101 88 999
Email: cs@daikinindia.com

11 APRIL 2016 (MONDAY)

On Monday evening, a mechanic, Mohan Yadav, visited the family. Mohan did not have any prior knowledge of the problem. Sarbani had to explain the issue to him. Mohan got down to work. Sarbani noted that Mohan was once again trying to identify the problem by visual inspection. Despite trying hard to locate the point of leakage, he could not find any. Based on the information shared by the service technician who had visited on 6 April, Sarbani asked Mohan about why he was struggling to identify the suspected leakage visually instead of pumping in nitrogen. Mohan said that he did not have the nitrogen cylinder with him. He further said that inverter ACs are troublesome machines. Since it was lying unused for over two months, the entire refrigerant might have leaked very slowly over a period of time. He tightened all the joints and promised to get back within three to four days with a cylinder of R-32 gas to refill the machine. When Sarbani wondered why it would take so long and why he was not carrying a cylinder with him, Mohan said that it was because he was not aware of the problem. He further added that the R-32 cylinder is not in stock and it will take his office a couple of days to procure it. He requested Sarbani to bear with him.

15 APRIL 2016 (FRIDAY)

Mohan called up in the afternoon to check if he can come. Since Sarbani was fine with it, Mohan soon came with a cylinder of R-32. He assured Sarbani that her ordeal was about to end and got on with the job of pumping in the refrigerant. Once the refrigerant was duly pumped in, he took some lathered soap water and sprayed in on each of the joints to check if any gas was leaking. He was happy to see that there was no leakage. He was now confident that the issue had been resolved. He switched on the air only to find that it failed to cool.

Mohan was flabbergasted. According to him, he had done whatever was needed to be done. He informed Sarbani that he would need to get back with his supervisor to identify the problem and that would be possible only after the weekend. He promised to return on Monday with his supervisor to resolve the issue.

Exhibit 5. The Text Messages Received from Daikin During the Ordeal
18 APRIL 2016 (MONDAY)

Mohan returned with his supervisor, Maqbool. Mohan briefed Maqbool about the steps taken by him on Friday. Maqbool opined that the capillaries must have choked as the AC was not used for two months. He suggested that the ODU be taken to the workshop to get the capillaries cleaned. Mohan disconnected the ODU and informed Sarbani that a van would pick up the ODU the next day to take it to the workshop.

20 APRIL 2016 (WEDNESDAY)

Around noon, a van came to Sarbani’s house to pick up the ODU. Prior to that, no one had called her to ask her about a suitable time to pick it up. By now Sarbani was quite exasperated to bother about such indiscretions. She simply took the van driver to the terrace and showed him the ODU. The van driver said that it will not be possible for him to lift the ODU and take it downstairs alone. He requested Sarbani to arrange for help. On a hot summer noon, Sarbani wondered how she could arrange for help and refused. The driver said, in that case he would come back later with an assistant. Sarbani wondered, why the driver was sent alone (without a helper) when the job at hand was known to the organization and required at least two people. She was fed up and, despite being a frail lady not used to lifting weights, decided to help. She, along with the driver, lifted the ODU and took it downstairs and loaded it on the van. She was given a receipt, which did not make much sense to her (Exhibit 6) since it had Panasonic written on it, while her machine was Daikin. The driver explained that the service centre catered to both Panasonic as well as Daikin. Since he was not carrying the receipt of Daikin, he handed over whatever was available with him. He assured her that the service centre was reputed and asked Sarbani not to worry. As the van rolled away, she looked on expectantly hoping her ordeal to be over soon, as she believed that a thorough check-up at the workshop will be able to identify and rectify the problem. She was surprised to get a text message from Daikin which thanked her for using their services. She did not understand the rationale of the message and overlooked it (Exhibit 4).

23 APRIL 2016 (SATURDAY)

The ODU was delivered to Sarbani. She was happy to know that the capillaries had been duly cleaned and the machine would now work. She wanted it to be installed immediately. However, to her disappointment, the mechanic supposed to install it would visit only later.

The mechanic did not come on Saturday. Though she was quite upset, she decided to wait until Monday as she did not expect anything to happen on a Sunday.

25 APRIL 2016 (MONDAY)

Mukesh Sharma, the technician, visited the house to install the ODU. Post installation, when the machine was switched on, it failed to cool once again. Mukesh was convinced that the compressor is faulty. Sarbani wondered, why it was not checked in the workshop before the machine was sent back. Mukesh explained that only after the ODU is linked to the IDU, the functioning of the machine can be checked. Since the workshop did not have any spare IDU to which the ODU could be paired with, it could not be checked. He assured her that the compressor will be replaced free of cost. He said he would get the unit picked up the next day and the compressor replaced. Accordingly, the unit was picked up again from Sarbani’s house on 26 April (Exhibit 6). Once again, she was handed over a receipt that showed Panasonic.
Late in the evening, the machine was returned to Sarbani’s house. It was not accompanied by a technician for installation. From her past experience, Sarbani knew that she would have to wait until the beginning of next week for a technician to visit for the installation.

2 MAY AND 3 MAY 2016 (MONDAY AND TUESDAY)

However, it turned out to be a long wait for her. No one turned up on Monday (2 May). On 3 May, Sarbani called up the service centre to enquire about the status of installation. She was assured that the technician would visit her by the evening. In the evening, she received a call from the technician. The technician told Sarbani that though the job has been assigned to him, he was feeling unwell and would like to visit her house the next morning. Sarbani wondered, if he was unwell, why the service centre could not send a replacement. However, the technician insisted and Sarbani acceded to his request.

4 MAY 2016 (WEDNESDAY)

In the afternoon, Iqbal Hussain, the technician, visited the family. He installed the machine and switched it on. It failed to cool, again. Iqbal checked but failed to identify the problem. He packed up and said that he would visit the next day with a senior engineer from the branch office to look into the issue.

The family’s patience had been tested to the limits. Their guests were supposed to arrive on 8 May and they had no confidence that the AC will be OK by then. The meticulous long-term planning that they had done for making their guests comfortable in their house was coming to a naught. They were thoroughly frustrated with this never-ending cycle of the machine being taken to the workshop and brought back in a non-functional state.

They were wondering, if there are problems with so many parts of the machine, why it was not being replaced by a new machine. They had repeatedly raised this point with the call centre agents who interacted with them as well as various technicians who had come only to be told that they were not empowered and authorized to do so. Sarbani was given to understand that the warranty meant faulty parts, if any, will be replaced free of cost but it did not entail the replacement of the whole unit.

The family had enough of it. It appeared that there was no end to their harassment. That night they wrote a mail to Kanwaljeet Jawa, the managing director of Daikin India describing their ordeal and demanding a replacement of the apparently defective unit (Exhibit 7).

Exhibit 7. Mail to the Managing Director of Daikin India

Typed Text of the Above Email Is Given Below:

Dear Mr. Jawa,

I am sorry that I have to write this mail to you. I had a horrendous experience with your product and seek your kind intervention to end my harassment.

I had purchased a Daikin AC model FTKH50 QRV16 S-AC on 7th February 2016 from Sadana Electric Stores, Aliganj, Lucknow. Obviously, I didn’t need to use it at that time of the year. In the month of April, when the need arose, I switched the AC on, only to find that it was not cooling. Hence I raised a service request (SR No. LKO160451495). Accordingly, an engineer from your service centre visited me and identified the problem. Iqbal Hussain, the technician, told me that there was a problem with the capillaries of the AC and it needs to be taken to the workshop. He also informed me that I should book the service again and the problem will be fixed within 48 hours.

However, Iqbal Hussain, the technician, visited the family the next day and said that he would investigate the problem. He packed up and said that he would visit the next day with a senior engineer from the branch office to look into the issue.

I am stuck with this AC because my guests are supposed to arrive on 8 May and I am not confident that the AC will be working by then. The meticulous long-term planning that I had done for making my guests comfortable in my house is all becoming a naught.

I have already raised this point with the call centre agents who interacted with me as well as various technicians who visited me. They assured me that they were not empowered and authorized to do so. Sarbani was given to understand that the warranty meant faulty parts, if any, will be replaced free of cost but it did not entail the replacement of the whole unit.

Therefore, I am writing to you to demand a replacement of the apparently defective unit. I hope you will take necessary steps to ensure that my complaint is addressed.

I look forward to a positive response from your end.

Yours sincerely,

[Signature]
taken to the workshop. On 20 April the outdoor unit was taken to the workshop for the first time. Once it was brought back from the workshop and was installed in my home, it still did not work. On 26 April the outdoor unit was once again taken to the workshop and this time I was told that the compressor is faulty and it needs to be replaced. On 30 April it was brought back to my home from the workshop and today someone from the service centre came to install it. Unfortunately, upon installation, it once again did not work. I was given to understand that the service centre cannot recommend the replacement of the faulty unit. I have been told that tomorrow some engineer from your branch office will visit me and rectify the problem. I am sick and tired of this nonsense.

I do not understand why I should have to endure this defective machine that has not worked despite repeated attempts of repairing it. It is very much under warranty and given the fact that the machine was ab initio defective, why should it not be replaced by a new machine? It is almost a month now since I had complained for the first time and the very purpose of having purchased the AC has not yet been served.

I hope you would take cognizance of the harassment that a customer is enduring for having purchased your defective product and take necessary steps to ameliorate it.

Please find enclosed herewith the purchase invoice and the two receipts that were given to me when the outdoor units were taken to the workshop.

Best regards,

6 MAY 2016 (THURSDAY)

Iqbal and Mukesh accompanied Mohammad Arshad, a senior engineer from Daikin’s branch office and his assistant, Kamal Chaudhary, as the team landed up in Sarbani’s house. Sarbani noticed that they were carrying a big nitrogen cylinder with them. The team got down to work immediately. As they passed nitrogen through the pipes running from the IDU to the ODU, the pipes were found to be jammed. They tried to vacuum clean the pipes but to no avail. Finally, they decided to cut open the welded joints that connected the additional 5 metres of pipes to the standard length supplied with the machine. It was discovered that the welding was done inappropriately during installation. While welding was done, some molten metal had got inside the pipe and clogged it. They simply cut the clogged portion of the pipe and re-welded the pipes correctly. The AC started to work and proper cooling was achieved.

The family was relieved that their ordeal was finally over. However, they were left wondering if it was really necessary to go through the month-long torment for as silly a reason as a blocked pipe. They were extremely disappointed with the treatment that they had got during this entire period. Not only were the promises not honoured and appointments missed, the technicians appeared to be clueless. They wondered what was the point of sending text messages confirming appointments if the field force is not geared to honour it. Based on the response to their mail (sent on 4 May, Exhibit 7) to the MD of Daikin that they received on 10 May (Exhibit 8), they were convinced that only after they had escalated the matter to the managing director of the firm, the organizational machinery kicked into action to resolve their problem. They perceived it as an abject failure of the service process of Daikin. They concluded that their confidence in the brand was misplaced and it did not deserve their trust. Sarbani swore that she would never again purchase any other appliance of this brand.

Exhibit 8. Response from MD’s Office

Typed Text of the Above Email Is Given Below:

We thank you for taking out time and sharing your experience with Daikin AC, purchased in Feb’16 and our services.

At the outset we regret the inconvenience caused to you for not able to utilize the services of your newly purchased Daikin AC and we taking quite some time to put it back in operation. Actually we have taken up the matter with our Mr. Divesh Dutt Trivedi—Manager Customer service for U.P, who has finally got to the root cause of the problem and got the AC back in order.

Further we got the opportunity to speak to you today afternoon wherein:

1. You have shown your satisfaction with the approach and corrective action taken by our Lucknow service team headed by Mr. Divesh Trivedi

2. Currently, your Daikin AC is working satisfactorily

We thank you for taking out time and sharing your experience with Daikin AC, purchased in Feb’16 and our services.

At the outset we regret the inconvenience caused to you for not able to utilize the services of your newly purchased Daikin AC and we taking quite some time to put it back in operation. Actually we have taken up the matter with our Mr. Divesh Dutt Trivedi—Manager Customer service for U.P, who has finally got to the root cause of the problem and got the AC back in order.

Further we got the opportunity to speak to you today afternoon wherein:

1. You have shown your satisfaction with the approach and corrective action taken by our Lucknow service team headed by Mr. Divesh Trivedi

2. Currently, your Daikin AC is working satisfactorily
3. You were concerned about the quality of work done by installation team which came for installation in Feb '16, i.e., immediately after purchase of your AC.

4. You had to repeatedly reach our call centre as the technicians were closing the calls without completing the job.

We are taking steps to take care of point no. 3 & 4, above, however, should you need any future assistance, you may please get in touch with our Mr. Divesh Trivedi (cell no. XXXXXXXXXXXX) or the undersigned.

Sincerely Yours,

DECLARATION OF CONFLICTING INTERESTS

The author declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article. Except for what is revealed in the exhibits, names of the other protagonists of the case have been masked to protect their identity.

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NOTES

1. http://www.daikinindia.com/inverter-technology#
2. Euromonitor (Air Treatment Products in India)
3. Global Home Appliance Market: Comprehensive Survey. Fuji Keizai Co. Ltd. (http://www.daikin.com/about/why_daikin/glance/index.html)
4. https://www.daikinindia.com/about-daikin/daikin-india
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