

Customer Experience Management in the Detailing Industry

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Abstract: Retailing, also popularly known as 'detailing', is becoming the blue-eyed sector of the emerging neo-liberal economy, generating revenues of approximately US\$125 billion and is expected to get double to US\$ 250 billion by 2020 from US\$125 billion as of April 2017. For attracting the customers, organized retail stores need to be crème de la crème in terms of generating the value and differentiate their outlets from other unorganised retail stores. 'Retail is Detail,' so, organized retail players have to manage the customer experience and need to target the markets in best possible ways. This study analyzes the various factors that determines the customer experience in retail outlets. Also, the paper establishes some strategies for customers. Thus, implications are drawn for retail stores, as a result of the analysis and interpretation done.

Keywords: Detailing, Customers, Economy, Organized

I. INTRODUCTION



"Every one of us does render some service or other. If we cultivate the habit of doing this service deliberately, our desire for service will steadily grow stronger, and will make, not only our own happiness, but that of the world at large." Oxford English Dictionary asserts, retail is "the sale of goods to the public for use or consumption rather than for resale." According to Wikipedia retail, refers to "the sale of goods/merchandise for personal or household consumption either from a fixed location such as a department store or Kiosk, or from a fixed location and related subordinated services."

In today's competitive world, retailing is not just about selling at the shop. It entails a host of other activities such as conducting market surveys, providing choice to consumers, managing consumer *experience*, maintaining competitive price levels and retaining consumers. Considered to be one of the most happening industries after IT, retailing industry has many big players competing with each other to gain an edge over the other. Owing to a steady increase in private consumption (Figure 1), retailing has become one of the hottest sectors of the emerging economy.

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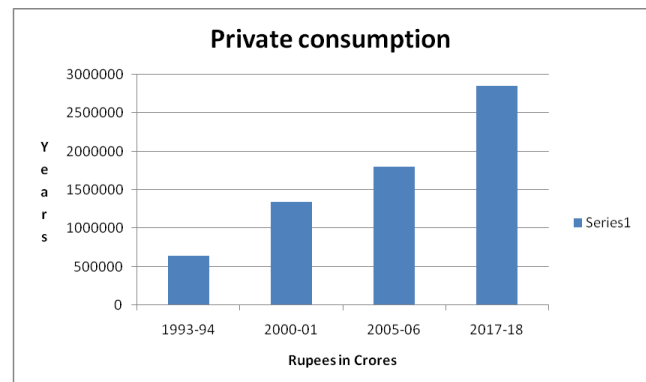


Figure1: Private Consumption

The retail sector in India is growing by leaps and bounds. India tops the list in the 2005 Global Retail Developed Index (GRDI) released by AT Kearney - an international management consulting firm. The GRDI ranks 30 emerging countries on the basis of various macroeconomic and retail specific variables. This index, which is published annually, is a tool to help retailers define their global developmental strategies. India has managed to ascend steadily on the GRDI and has now displaced Russia to occupy the numero uno position. A large portion of the growth in Indian retail business, according to A T Kearney, would be in the food and the apparel sectors. Indian consumers spend 45% of their income on food and grocery and this category is a sure-fire way for retailers to attract consumers initially. Thus, it is apparent that food retail industry is indeed a booming sector in India and has the potential to generate large revenues.

II. OBJECTIVES OF THE STUDY

The objectives of the study are:

1. To explore the factors that influence shopping at a retail store
2. To measure customer satisfaction towards retail dimensions (mentioned below)
3. To understand the purchase preference of customers from the stores
4. To analyze the five dimensions of retail performance i.e.,
 - a) Price (the extent to which the store provides products at lower prices and whether the customer finds value for money paid to products)
 - b) Product (whether the store displays a wide range or not, to what extent the products are of good quality, availability of advertised merchandise in stock, product availability)

- c) Layout (store layout is convenient for customers to move easily and pick up products, an aesthetic and appealing ambience, and convenient store parking)
 - d) Communication (the store effectively communicates the discounts and special offers, the signboards are easy to spot)
 - e) Customer Service (includes the salesmen’s product knowledge, helpfulness, courtesy and manners, and promptness in handling customers’ complaints)
5. To explore the association between the area and customer relations dimension of retailing
 6. To identify areas for improved customer retention and methods to attract new customers by offering a perfect environment to shop

2	2.2
2	2.2
90	97.8
2	2.2
92	100.0

In the factors influencing the choice of store for shopping, six factors were included, namely proximity, product variety, product range, discounts, customer service and brand name. Some of the customers have given preference to more than one factor while choosing the store for shopping. From the above table, it is evident that 28.3% of the customers prefer a retail outlet for three reasons i.e., proximity, product variety and product range. It is also found 22.8% of the customers preferred a retail store due to proximity. From this, we can draw a conclusion that almost 51.1% (28.3% + 22.8%) preferred retail stores which are near to either their house or office. Proximity becomes a very important factor for deciding on the store for shopping, as customers find it very convenient to buy things from stores near to their homes or offices. Also, impulse purchases because of discounts or sales promotion schemes are more likely in stores which are conveniently located for the customers.

III. RESEARCH METHODOLOGY

Data was obtained by administering questionnaires to the customers at three retail outlets in the twin cities of Hyderabad and Secunderabad. The three supermarkets are located at Himayatnagar, Dilshuknagar and Chaitanyapuri. A structured questionnaire was administered to the customers who walked into these outlets covering four main dimensions, Price, Products, Store layout, Communication and Customer services offered. As most of the customers wouldn’t wish to answer the questionnaires at the store, they were interviewed with questions based on the questionnaires.

A. Sample

A sample size of 90 customers was considered for the survey. Customers were interviewed and administered with a structured questionnaire. Convenient sampling technique was adopted.

B. Statistical tool:

SPSS

IV. DATA ANALYSIS AND INTERPRETATIONS

The collected data was analysed in the following way for obtaining results

- (i) The frequency and means of the considered retail dimensions are shown to measure the satisfaction levels of customers at the retail stores
- (ii) Chi-Square test was implemented to understand whether there was any association between area and customer service

Table I. Factors Influencing Shopping at the Retail Store

Frequency	Percent
21	22.8
1	1.1
10	10.9
1	1.1
11	12.0
3	3.3
26	28.3
1	1.1
12	13.0

Table II. Purchase Preferences of Customers at the Retail store

Frequency	Percent
2	2.2
13	14.1
6	6.5
6	6.5
3	3.3
29	31.5
11	12.0
15	16.3
5	5.4
90	97.8
2	2.2
92	100.0
2	2.2
13	14.1

The customers were asked the different category of items they purchased from retail outlets. The category of items generally purchased were fruits and vegetables, processed food, ready to fry items, bakery items, grocery (staples) and toiletries. From the above table, it is evident that 31.5% of the respondents preferred to purchase fruits and vegetables, grocery items and toiletries from the retail outlets. Around 16.3% of the customers preferred to purchase fruits and vegetables, processed food, grocery items and toiletries.

So, we can conclude that frequently purchased items from retail outlets are fruits and vegetables, grocery and toiletries.

Table III. Customer’s satisfaction levels towards the price dimension

	N	Minimum	Maximum	Mean	Std. Deviation
Price	90	2	5	2.23	1.182

From the above table (mean= 2.23), it is evident that the customers are not satisfied with the price at the retail stores.

Table IV. Customer’s Satisfaction Levels towards Layout

	N	Minimum	Maximum	Mean	Std. Deviation
LAYOUT	90	3	5	4.09	1.869

From the above table (mean= 4.09), it is evident that the customers are generally satisfied with the layout at the retail stores.

Table V. Customer’s Satisfaction Levels towards Service Dimension

	N	Minimum	Maximum	Mean	Std. Deviation
CUSTOMERSERVICE	90	2	5	2.73	2.861

From the above table (mean= 2.73), it is evident that the customers are not satisfied with the customer service at the retail stores.

Table VI. Customer’s Satisfaction Levels towards Product Dimension

	N	Minimum	Maximum	Mean	Std. Deviation
PRODUCT	90	2	5	4.06	1.335

From the above table (mean= 4.06), it is evident that the customers are satisfied with the product at the retail stores.

Table VII. Customer’s Satisfaction Levels towards Communication Dimension

	N	Minimum	Maximum	Mean	Std. Deviation
COMMUNICATION	90	1	4	2.03	1.472

From the above table (mean= 2.03), it is evident that the customers are not satisfied with the communication at the retail stores.

To measure the association between area and customer service, chi-square statistic was calculated.

Chi-square Statistic (χ) = 44.711

Chi-square test was performed on area and customer service and it was found that the chi-square statistic is 44.711. So, there is association between area and customer service.

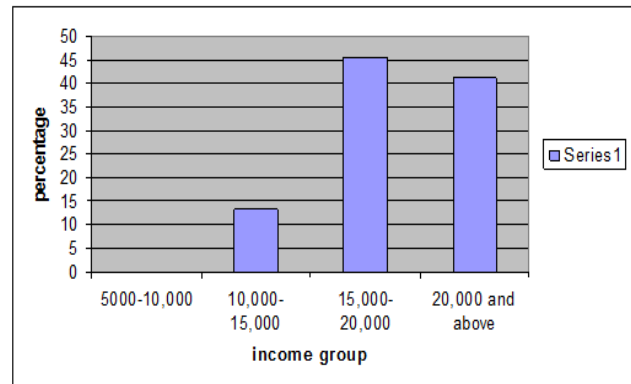


Figure 1: Income Levels of Customers

From the above graph, it is evident that the majority (45%) of the customers who visit the outlets belong to the income group of Rs. 15,000-Rs. 20,000. It is also clear from the table that 13% of the customers who visit the outlets belong to the income group of Rs. 10,000-15,000. A remarkable observation is that people with income below Rs. 5000 do not shop in these retail outlets. This shows that retail outlets are generally preferred by people from good income groups.

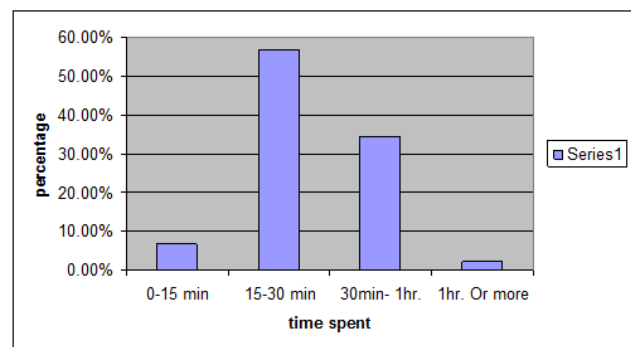


Figure 2: Time Spent by Customers in Retail Stores

It is evident from the above table that most of the customers (56%) who visit the stores spend approximately 15-30 minutes of time shopping, while 34% of the people spend 30 minutes to an hour.

V. SUGGESTIONS

- Among the various parameters, proximity is an important parameter drawing majority of the customers to the retail store. So, the retail store should concentrate remaining parameters like product variety, discounts, services etc.
- The most frequently purchased items by the customers in the retail store are fruits and vegetables, grocery items and toiletries.

Therefore, the retail stores need to improve the visibility and merchandising of other items such as processed food items and bakery items in order to drive up the sales of these products.

- c) The consumer ease of purchasing and the choice of products has increase consumer demand is in true sense, the driving force for organized retailing in the country. As evident from the above, the three major issues pointed by the customers are pricing, customer service and communication.
- d) All brands and items within a category are not perceived by consumers in the same way. Therefore, retail stores must identify “known-value” items – that is, items purchased frequently across outlets and are recognizably higher or lower in price relative to a consumer’s previous shopping experiences.
- e) A remarkable observation is that people with income below Rs. 5000 do not shop in these retail outlets. This can be due to various reasons like high price which is found in the present study, the difference in customer service which is also proved through the chi-square test where it was found that there is association between area and customer service; the communication should also be such that it attracts every income group. All these factors can draw even the low income group also to the store.
- f) The average time spent by the customer is 15-30 minutes, which is by far a very small amount of time. Efforts should be made to increase the time spent by the customer in the retail store, which could be achieved by improving the customer service and by managing the customer experience in the retail store.

VI. MANAGING THE CUSTOMER EXPERIENCE

Customers who throng to retail stores buy there because they perceive that they get better quality products. However, the battle would be lost if efforts were made only to draw customers who are price conscious and increase the traffic. Therefore, a greater need is being perceived for strategic articulation in prices across various categories. Since most retailers have access to the same merchandize, it is very hard to differentiate one retail outlet from another in terms of quality. The same reasoning can be extended to prices of some of the merchandize. So the question is how pricing should be done to increase traffic and retain loyal customers. Retail stores should begin advertising in newspapers about product availability, discounts and offers. This strategy is being followed by Trinetra, Big Bazaar, Spencers, and many other retail outlets. Retail stores also need to identify and reward their best shoppers, and encourage those who spend more through various loyalty programs. The second important thing that surfaced from the study is importance of customer service.

“Successful retailers are those who view customer service as a means of gaining an advantage in comparison with the other retailers.”

Customer expectations are changing. Earlier, the customer would casually walk into the store, look around, compare a range of items and their prices, zero in on a product and eventually buy. In case there was any indecision or hesitation on the part of the customer, retailer’s recommendation was solicited while making the purchase decision. The retailer was considered an opinion leader. Today, the scenario is different. With the power of mass media advertising, the consumer now walks into the store armed with the necessary information about products and having already decided on the brands and items in his or her choice basket. As media has created awareness about the options available, the purchase decisions are already made. And tomorrow, there will be a different picture altogether. The modern consumer is perplexed about the plethora of options that are available. Decision-making on brand purchase would no be as simple as it was earlier. As this happens, a majority of all purchase decisions would be made at the point of purchase. This of course would vary from category to category. In this context, sales personnel would play a pivotal role in helping customers reach a purchase decision.

It has been observed that there is sale personnel employed at the store are very casual and not very committed to their jobs. This can be attributed to the reason that most of the assistants employed are under the opinion that their job is not to improve sales, but just to keep the store clean and assist whenever asked for. This could however be improved through proper training of the sales personnel. Alternatively, managers at these stores can be directed to inculcate the real responsibilities into the sales personnel.

Retail stores can improve customer service by providing value-added services such as home delivery, meeting the health and wellness needs of the aging consumer, and giving the educated consumer more knowledge about what they are buying. Through discussions it was found that the retail store at one of the area employs only one home delivery person and this is the reason given by the store for taking one day to deliver goods at the customer’s place. Comparing the same service with other retail outlet which is located very close by is found that they have more than one person employed for the same job. The customer experience should be such that the goods home delivery so be so efficient that goods would be delivered at customers residence even before the customer reaches her/his residence. The Customers should experience the world class courtesy* from the employees of the retail store. Why do we need sales personnel moving around the store to assist people? On one occasion, a customer was asked to describe his shopping experience. During the discussion, he made a point that the particular retail store where he was shopping needed to improve in terms of product availability. When asked in particular about the products he was unable to find, he said he was looking for plastic fridge bottles. When the manager was asked, he immediately took the customer to that particular section of the store where bottles were displayed. The customer then told me that he wanted to buy these and since he couldn’t locate them himself, he looked for assistance which wasn’t there.

The store could have missed a sale here. And one can imagine how many more would the store lose if no such assistance is provided.

As most of the customers who visit the stores are women of all ages, focus should be placed on vanity products. For these, a small portion of the store could be used to display all these items. Also the same counter can be used to display perfumes and colognes. Many retail stores do not offer any testers for perfumes so that customers can try these first. This would reduce sales for some untested and rare brands. The investment lost in these testers could be regained by selling some less known (imported) brands that fetch higher margins.

***Courtesy:** Using accepted and appropriate manners, as interpreted from the customer's perspective, to **meet** the expectations of the customer.

***World-Class Courtesy:** Using exceptional manners, as interpreted from the customer's perspective, to **exceed** the expectations of the customer.

The third important factor which surfaced in the study is poor communication

VII. CONCLUSION

It's not just important to attract new customers, customers from the secondary trading areas and passer-bys, but also to attract the lost customers. Customer complaints and suggestions box was placed only at one store. However, the box was placed in a corner and was not really visible to the customer. If information about why a customer is not happy with the store and what improvements are to be made at the store is not managed properly, how can the store understand changing customer expectations?

Retail stores should also target price conscious customers, which would be possible by providing goods at a lower price, communicating discounts and offers with better visibility and by providing value-added customer service. This can also be done by communicating about lower denominations or economy packs, customer friendly schemes, monthly draws etc.

Therefore, in a nutshell, we can conclude that the key to effectiveness of a retail store is the management of customer experience. Customer experience management would ensure that retail stores can strategically manage a customer's experience and by doing so, allow them to be truly customer centric. To accomplish this, the following five step frameworks can be utilized (Source – 'Customer Experience Management' by Schmitt)

Step 1: Analyzing the experiential world of the customer

Step 2: Building the experiential platform

Step 3: Designing the brand experience

Step 4: Structuring the customer interface

Step 5: Engaging in continuous experiential innovation

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Dr. Kapil Bansal, currently working as an Assistant Professor in the Institute of Business management, GLA University, Mathura, & having 15 years of teaching experience in the field of Management & Law.