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Empirical study on role of customer service in delivering satisfaction at branded retail outlets in Pune

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Abstract

The aim of the paper is to determine the prominent factors that are important in delivering customer satisfaction at branded retail outlets in Pune. Secondary data has been collected through research reports and research journals related to human resource and retailing. Primary data is being collected through informal interviews and structured questionnaires administered to front end employees and customers visiting selected retail formats in Pune and Mumbai. Data was collected through a structured questionnaire administered to 200 respondents who visited the malls in the two cities. Factor analysis was carried out to analyse the data. The results indicated that caring, problem solving, committed and helpful salesmen play an important role in delivering customer satisfaction. Hence salesmen skills is important dor customer satisfaction. The research will help retailers in designing marketing programs that will help give superior customer service. Good service leads to customer satisfaction and retention and profits for the retailers. This will also help the retailers to have a loyal customer base.

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1. Introduction

In organized retail outlets, customer service is delivered by front end employees i.e. salespersons. Grönroos (2000) opined that customer service has played a very important role in every business and hence it is important to emphasize on training of employees rather than on material resources. As front end employees meet external customers and are responsible for customer service delivery, their skills impact on how store image is perceived by the customers. Ahmed and Rafiq (2002) in internal marketing, the focus is on employee satisfaction and as employees deliver service to customers, satisfied employees can better deliver customer satisfaction. Researchers (Brady and Cronin 2001) have re-affirmed the same. Service literature has been interested in the factors that influence the attitudes and behaviors of service employees and has examined the influence of organizational characteristics (e.g., Babakus et al. 2003), social environment (e.g., Sergeant and Frenkel 2000), global perceptions of the job (e.g., Singh 2000), and personality (e.g., Hurley 1998).

Behavioural skills of an employee play a vital role in delivering customer service. These skills create an impact on employee skills and help in achieving sales (Coll & Zegwaard, 2006) by improving and developing competencies of salespersons such as interpersonal skills, teamwork, communication and problem solving skills (Hind et al., 2007; Maher & Graves, 2007). Birkett (1993) developed taxonomy of cognitive skills and behavioral skills. According to Birkett, cognitive skills include technical skills - the application of technical knowledge with some expertise; analytical/constructive   skills - problem identification and the development of solutions; and appreciative skills - evaluating complicated situations and making creative and complex judgements. Behavioural skills include: personal skills - how one responds and handles various situations; interpersonal skills - securing outcomes through interpersonal relationships; and organizational skills - securing outcomes through organizational networks.

The training on behavioural and technical skills imparted to the employees enables them in delivering customer satisfaction. Customer satisfaction depends on how products and services meet or surpass customer expectation (Kotler et al., 2000). In a competitive marketplace where businesses are focusing on retaining customers, customer satisfaction is one of the differentiating factor. The paper investigates the impact of Employee Technical and Behavioural skills in delivering Customer Satisfaction at Organized Retail outlets in Pune. For study purpose, the behavioural skills such as communication, promptness in service, politeness, being available on request, willingness to help and convincing abilities have been selected. Similarly, technical skills such as product knowledge, cross functional knowledge, operational knowledge and complaint management have been selected.

2. Retailing in India

Retailing can be said to be the interface between the producer and the individual consumer who is buying for personal consumption. This excludes direct interface between the manufacturer and institutional buyers such as the

government and other bulk customers. Retailing is the last link that connects the individual consumer with the manufacturing and distribution chain. A retailer is involved in the act of selling goods to the individual consumer at a margin of profit. (Ninetieth Report of Parliamentary Standing Committee on Commerce related to FDI in Retail, Government of India, 2009). Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. (Ninetieth Report of Parliamentary Standing Committee on Commerce related to FDI in Retail, Government of India , 2009). Unorganized retailing refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner operated general stores, paan/beedi shops, convenience stores, hand cart, pavement vendors, etc. (Ninetieth Report of Parliamentary Standing Committee on Commerce related to FDI in Retail, Government of India ,2009)

India ranks as the fifth most emerging destination for retail in the world (A.T. Kearney's annual Global Retail Development Index, 2012). The organized retail market in India is expected to reach 637 $ billion by 2015 (KSA Technopak Analysis). Mall space, from a meagre one million square feet in 2002, was expected to touch 40 million square feet by end of 2007 and an estimated 60 million square feet by end of 2008 (Jones Lang LaSalle's third annual Retailer Sentiment Survey-Asia). In January 2006, the Union Cabinet approved a major rationalization of the policy on FDI in retail to further simplify procedures for investing in India and to avoid multiple layers of approvals required in some activities. To facilitate easier FDI inflow, FDI up to 100% was allowed under the automatic route for cash and carry wholesale trading and export trading. However to protect the interests of Indian retailers as well as facilitate global retail in India, the FDI in multi brand retail was permitted at 51 % where as it was 100 % in single brand retail (DIPP, Government of India, 2012).

Currently, the share of organized retail is between 8 – 10 %   (Indian Retail Report, 2012). The drivers of organized retail in India include higher disposable incomes of consumers, change in consumer lifestyles, double income households, product variety and one stop solution for all needs coupled with shopping and entertainment.

3. Literature Review

Past research has suggested that service providers play an important role in customers' evaluation of the service quality of a business (e.g. Heskett, 1987; Heskett et al., 1994;Mattson, 1994; Tansuhajm et al., 1988). Service personnel play an important role in influencing customers to make purchases and develop customer relationships. Service researchers have long acknowledged the significance of customer oriented, service driven organizations which is posited to result into various favorable psychological and social benefits (Jaworski and Kohli, 1993; Kohli and Jaworski, 1990; Kelley, 1992).Employees understanding of customer service is critical to how they carry out their work; yet because it is abstract and defies absolute definition, this understanding is susceptible to varied interpretation.(Rita D Mascio, 2010). According to a researcher, (Rita D Mascio, 2010),

three distinct interpretations of customer service, or service models, exist among front end employees: (1) the act of giving customers what they ask for, efficiently and courteously; (2) a means to accomplishing immediate objectives, such as sales quotas; and (3) the formation of mutually beneficial relationships with customers through problem solving. Only a few studies have addressed the construct of customer oriented service employee (COSE) and its impact on service firms' success (Brown et al., 2002; Hennig-Thurau, 2004).Though some noteworthy studies in this area have been conducted by Brown et al. (2002), Donavan et al. (2004), Hennig-Thurau and Thurau (2003), and Kelley (1992) there has been far less interest in researching the connection between COSE and the employee outcomes than there has been in studying direct links with external customer response.

Loveman (1998) examined linear and main effects (i.e., internal service quality → employee satisfaction → employee loyalty → external service quality → customer satisfaction→ customer loyalty→revenue growth/profitability).He found support for many of these links, but did not assess key employee perceptions or performances. The practitioner literature suggests a "value chain," whereby perceptions and behaviors of front-line store employees shape customer satisfaction and intent, and ultimately, store performance (Heskett et al. 2003). However, the impact of customer service through behavioural skills on customer satisfaction in Indian organized retailing has not been explored. The paper proposes to achieve the same through the study.

4. Research Methodology

Secondary data has been collected through research reports and research journals related to human resource and retailing. Primary data is being collected through informal interviews and structured questionnaires administered to front end employees and customers visiting selected retail formats in Pune and Mumbai. Mumbai and Pune are included in the top eight metropolitan cities in India and easily accessible (Census of 2011). Metropolitan city is defined as a region with population of more than one million (Constitution of India's 74th Constitutional Amendment, 1992). The selected cities have outlets in various formats and hence have been chosen for the study. Non probability purposive sampling technique was being used to collect the data. Sample was taken from prominent malls in Pune and Mumbai. Both the cities have the largest malls in India.

Data was collected through a structured questionnaire administered to 200 respondents who visited the malls in the two cities.. The data was collected at three different times during the day ie morning, afternoon and evening to see the variation in response. The respondents were intercepted at the entrance of malls and their responses collected. Rank order scale ("1" for lowest rank and "5" for highest rank) was used to measure the responses.. Since rank order scale relates to ranking employee technical and behavioural attributes, this scale was used. Descriptive frequencies were used to find out the attributes ranked by employees. To record the data from customers, 5 point Likert scale ("1" for poor and "5" for excellent) was administered. As Likert scale

enables to measure customer experience on a scale of 1-5, this scale was found to be appropriate. Factor analysis test using SPSS was done to find out the prominent factors.

5. Data Analysis and Interpretation
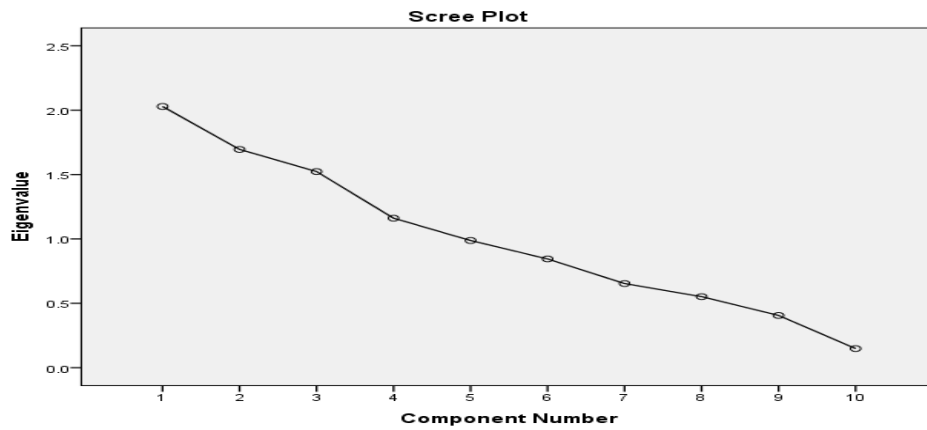
Component Matrix[a]

	Component			
	1	2	3	4
responsive	.181	.370	.445	-.185
presentable	.163	-.612	.525	.190
courteous	-.212	-.647	-.229	.155
caring	-.002	.562	.451	.361
helpful	.667	.099	-.062	-.471
home_delivery	.229	.530	-.454	.082
met_expectation	.736	-.309	-.120	.076
cooperative	-.506	-.023	.504	-.506
problem_solving	-.170	.154	.049	.729
commitment	.664	-.074	.426	.216

Extraction Method: Principal Component Analysis.

a. 4 components extracted.

5.1. Inference

The results of factor analysis and scree plot show 4 prominent factors :

Factor 1 – helpful, met expectation and commitment (salesman related)

Factor 2 – caring and home delivery (service related)

Factor 3 – cooperation (salesman related)

Factor 4 – problem solving (problem related)

6. Limitations of Research Paper

a) The research is confined to selected outlets in the city of Pune. However, the results may differ in other cities and with varied outlets.

b) The sample size selected was 90 for front end employees and 100 for customers.

However, with larger selection of sample size, the results may differ.

7. Implications for Practitioners

Considering the high set up costs and operation costs of organized retail in India and a strong competitive unorganized market, it is important that retailers focus on customer satisfaction and retention. To deliver superior customer value and ensure high degree of customer satisfaction, superior customer service is essential. The research will help retailers in designing marketing programs that will help give superior customer service. Good service leads to customer satisfaction and retention and profits for the retailers. This will also help the retailers to have a loyal customer base.

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