

“Customer Experience creation in Organized Retailing: A study conducted in selected parts of Bangalore City, India”

Dr.Ritika Sinha

Associate Professor,
CBSMS, Bangalore University
Bangalore, Karnataka, India

Prof. Mohammed Naveed

Assistant Professor,
Dept. of Management Studies,
HKBK College of Engineering,
Bangalore, Karnataka, India

ABSTRACT

The modern blent amongst retailers is to propose appealing and lasting experiences for their customers. It can be regarded as an exertion to create an emotional bonding with customers through critical planning of tangible and intangible elements.

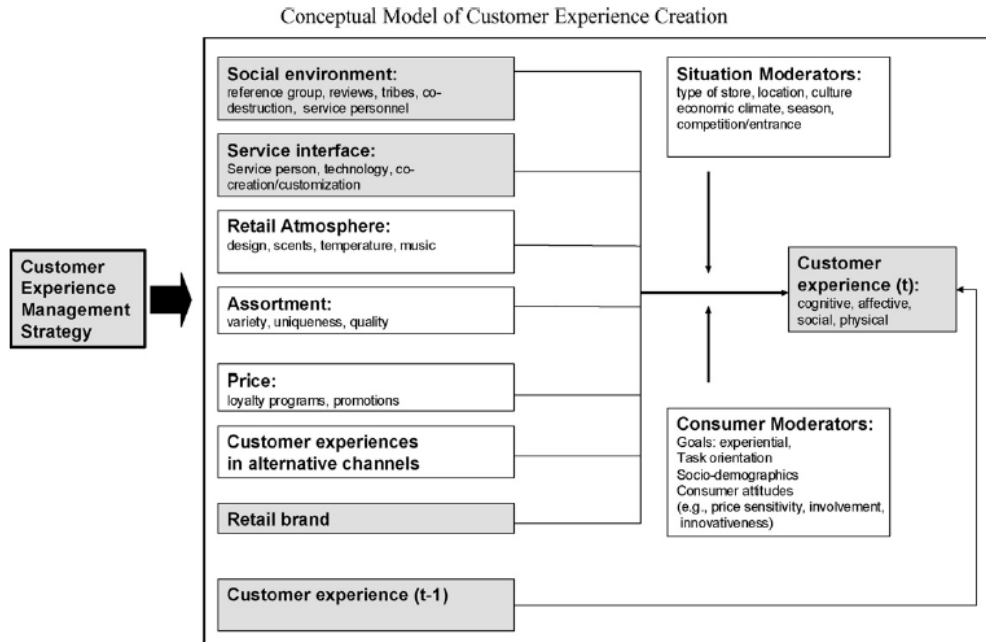
The shopping process involves customer interactions with people, merchandise, process, systems, technology and the entire physical environment. Experience occurs as a result of encountering, undergoing or living through things, which provide sensory, emotional, cognitive, behavioural and relational values.

The current study proposes to address the way between customer experiences and goodwill building. The work in this paper attempts to underwrite to the understanding of the influence of interdisciplinary motion in the creation of shopping experiences for customers by retailers on the goodwill creation.

Keywords: Appealing, Bonding, Cognitive, Experience, Planning

INTRODUCTION

Creating superior customer experience seems to be one of the central objectives in today's retailing environments. Retailers around the globe have embraced the concept of customer experience management, with many incorporating the notion into their mission statements. The retailers are committed to ensuring a positive retail experience for customers by focusing on convenience, value and quality.



Source: P.C. Verhhoef et al. / *Journal of Retailing* 85 (1, 2009)

Businesses monitor customer satisfaction in order to determine how to increase their customer base, customer loyalty, revenue, profits, market share and survival. Although greater profit is the primary driver, exemplary businesses focus on the customer and his/her experience with the organization. They work to make their customers happy and see customer satisfaction as the key to survival and profit. Customer satisfaction in turn hinges on the quality and effects of their experiences and the goods or services they receive.

Objectives:

- a) To study the satisfaction level of the organized retail sector customers.
- b) To know what contributes in experience creation of the customers.

Scope:

- a) The study is conducted in a limited geographical location of Bangalore city.
- b) The study is an attempt to know the customer mind-set with regard to grocery items in organized retailing.
- c) The time taken for the study is limited.

Research design:

- a) A sample of 100 is considered for the study and for this purpose simple random sampling has been used.
- b) Data will be analysed with the help of statistical tools like Percentage analysis.

- c) The data collected is primary in nature as it has been collected through survey with the help of a structured questionnaire.

WHY CUSTOMER EXPERIENCE IS IMPORTANT

- Higher customer referral rates and customer satisfaction were reported by a study of 860 corporate executives who increased their investment in customer experience (Strativity Group, 2009)
- It eases customer acquisition, drives customer loyalty and improves customer retention (Beyond Philosophy, 2013).
- Increases customer satisfaction. When a customer is WOW'd by the experience and has their expectations exceeded, it increases customer satisfaction.
- Reduces customer churn. People want to buy from places that make them feel good. Creating an experience that is memorable and enjoyable for the customer will help to keep them coming back for more and not churning away.
- Create a competitive advantage and differentiation. No longer can you compete on price, customers want more, and they want emotional connections with the companies they deal with. Create that experience that keeps them coming back for more. This will create a point of differentiation that you can use as a competitive advantage.
- A report by Econsultancy found that just 20% of companies have a well-developed customer experience strategy. Big opportunity for companies who are willing to invest in the customer experience.

THE BRAND EXPERIENCE

The customer comes to a retailing environment with perceptions about two types of brands: the retail brand (e.g., Victoria's Secret, Starbucks, Wal-Mart, Macy's, Best Buy) and the manufacturer or service brand that is sold in the retail stores (e.g., Verizon, Ralph Lauren, Tide, Dell, private label brand). Here, the discussion is about the retail brand customer experience, although the ideas put forth below could be investigated in relation to the manufacturer or service brand as well.

Customers' brand perceptions may influence their customer experience. Recent research has begun to investigate new aspects of this relationship. Specifically, Fitzsimons, Chartrand, and Fitzsimons (2008) found that the type of brand and consumers' perceptions of the brand can influence their behaviour. For example, consumers primed think of Apple behave more creatively than consumers primed to think of IBM. In addition, Ofir and Simonson (2007) found that customer expectations (when stated prior to a service encounter) have a significant effect on post purchase evaluations of the shopping experience and the firm. This suggests that customer brand perceptions (of the retailer), when primed prior to shopping experience, might significantly influence the customer's experience. It is also important to consider the reinforcing effects of the customer's experience and the brand over time. Prior research suggests that customer experience has a significant influence on the customer's overall perception of

the brand. In addition, Keller and Lehmann (2003) propose that the customer mind-set (e.g., awareness, associations, attitude, attachment and activity) is the key driver of brand performance (e.g., price premiums, price elasticity, market share, and expansion success).

CUSTOMER EXPERIENCE STRATEGIES

1. The three 'Ds' of customer experience

A Bain & Company survey (2005) found that only 8% of companies truly deliver a superior customer experience. On the flipside, when the survey asked companies to rate themselves, 80% thought they delivered a "superior experience" to their customers.

James Allen, Frederick F. Reichheld, and Barney Hamilton wrote a piece for the Harvard Business School and looked at what sets the 8% companies apart from the rest.

How were they able to deliver a 'superior customer experience' in the eyes of their customers?

They found the leaders in customer experience to pursue three imperatives simultaneously.

a) Designing the right experience-focused value propositions

The companies delivering a truly outstanding customer experience divide customers into segments and design experience-focused value propositions for each one. They tailor and design customer experiences for different customers.

Vodafone offers a great example. Unlike traditional mobile phone companies who might segment users based on country alone, Vodafone segments their customers into high-priority global segments: "young, active, fun" users, occasional users, and a handful of others.

In designing the value propositions for each segment, the entire customer experience was at the forefront. The 'young, active, fun' users were offered Vodafone live! a state-of-the-art service that provided everything from games and pop-song ringtones to news, sport and information (this was back in 2005). Occasional users were offered Vodafone Simple, which provided an 'uncomplicated and straightforward mobile experience'.

b) Delivering value to the customer

The best companies deliver these value propositions by focusing the entire company on delivering them. An emphasis is put on cross-functional collaboration. For instance, the marketing team and supply chain team are in line across the whole customer experience; they know and deliver a consistent value proposition.

CRM tools can help with this. They offer a way to keep all customer data in one place, and give multiple department's access to that information. Sales people can add information which can trigger specific actions. Customer support or supply chain can jump in, know what segment the customer is in, and then deliver a customer experience that has been defined for them.

c) Developing the capabilities to do it again and again

The 8% of companies who offer superior customer experience have developed their capabilities to please customers again and again. They have systems in place to deliver a consistent customer experience over and over again.

The leaders also know how to keep innovating and improving the experience. They have tools to help with customer-focused planning and executing; they know what customer-based metrics need tracking; and offer customer-focused management incentives to keep their employees goals in line with the company's goals.

2. Define the customer experience and keep it consistent across all touch points

According to Bernd Schmitt, customer experience management represents the discipline, methodology and/or process used to comprehensively manage a customer's cross-channel exposure, interaction and transaction with a company, product, brand or service.

The best companies recognize that customers interact with different parts of the organization and across multiple touch points. They know customers engage with different employees when they make a purchase, when they're getting service and support, and when they're talking to billing or accounts.

A company must take all of these experiences into account if they want to create loyal customers.

Scott Nelson, vice president and distinguished analyst at industry research firm Gartner, shared this on the topic of customer experience.

In the past, companies could rely on loyalty out of sheer convenience. If you wanted a bank account, for example, you went to the branch closest to your home or office. Not anymore, Nelson says: "I can bank with somebody in Ohio if I'd rather, [instead of] with the bank across the street." - **Scott Nelson, Gartner**

Customer loyalty is now driven by a company's interaction with its customers and how well it delivers on their wants and needs. The customer doesn't see the marketing department and customer support center as two different things, they simply see one brand. They demand an experience that reflects that.

So when a customer gets transferred from support to sales, you better make sure your sales guy is clued up with what existing products and support requests the customer has had in the past. No way is the customer going to want to **explain it all again**.

To keep a customer experience consistent, Adam Feigenbaum from iCIMS suggests these tips;

- **Hire right:** regardless of the role, make sure your employees believe in your brand and what it stands for.
- **Own the issues:** make yourself a part of the solution and ensure you satisfy and upset customer.
- **Empower your people:** Let your team actively own the issues and give them the power to solve customer problems without having to 'pass you onto the manager'.
- **Don't let it fester:** The more time a customer sits in limbo, the worse the experience becomes. Fix problems quickly and find solutions fast.

3. Base the experience on individual customer needs

Customer experience strategy must start with knowing what your customer needs and wants, which will equate to their expectations.

Once you know that, you can work backwards to create an experience that exceeds those customer expectations.

To achieve this, the best companies speak to their customers. One example of a company that is particularly good at listening to customers and delivering a superior experience is SuperQuinn, the Irish grocery chain.

Here's an excerpt from "The Three Ds of Customer Experience", which details how Superquinn approaches their strategy:

Founder and President Feargal Quinn walks each of his stores' aisles every month, talking to consumers. Twice monthly, he invites twelve customers to join him for a two-hour roundtable discussion. He asks them about service levels, pricing, cleanliness, product quality, new product lines, recent displays and advertising promotions, and so on; he also asks what items they still buy from his competitors and why. Quinn uses what he learns to evaluate store managers and continually improve the company's strategy and its execution of that strategy.

Taking a hands-on approach to understanding individual customers' needs will help create an experience that WOW's your customers. Exceeding customer expectations is the easiest way to create a memorable experience. Memorable experiences also develop customer advocates, who sing praise about your company to friends and colleagues.

4. Create experiences with ‘real people’ not ‘brands’ or ‘companies’

People want to deal with other people, not brands or companies. There’s nothing less personal than getting an email from a ‘brand’ with no personalization. It just doesn’t pack a punch. We seek human to human engagement.

It’s recommend to try to make sure that every engagement with a customer is a personalized experience. It’s an opportunity to build a strong relationship with a customer. A relationship that extends beyond expectations and one that will lead to a memorable experience.

Here are some tips to start using people, not brand to build an experience:

- Send emails from a personal email account.
- Use names and personalization – treat them like a person not a number.
- Send follow up emails and calls based on a specific action (don’t just blast them).
- Get your employees engaged, and excited about your product. This comes off when emailing and on the phone! A Gallup survey found 70 percent of U.S. workers were not fully engaged, which results in unhappy workers and poor brand experiences.

The quote by Martin Zilling, it really exemplifies what customer experience should be about.

Customers Remember Experiences, Not Your Brand Logo – Martin Zilling

5. Leverage technology to enhance the customer experience, not create it

A common problem companies fall into is trying to use technology and software to create a customer experience. This is not recommended as it can lead to the focus being on what the technology can do, as opposed what you can do to enlighten an amazing experience

I recommend you define a customer experience, and then identify what tools and software you need to assist to make it happen. Do not mold your customer experience strategy around technology. Find technology that you can use around your strategy.

ANALYSIS AND INTERPRETATION

Chart 1: Customer's Purchases in Organized Retail Stores

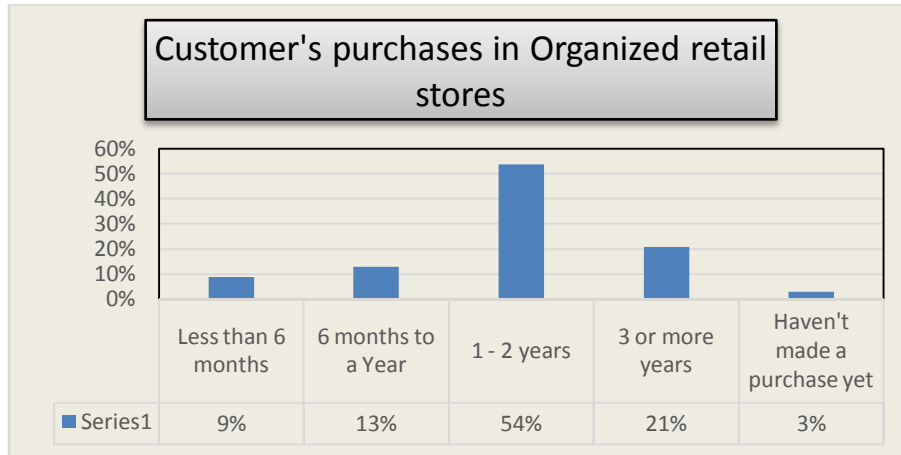


Chart 2: Grocery Product Attributes in Organized Retail Sector

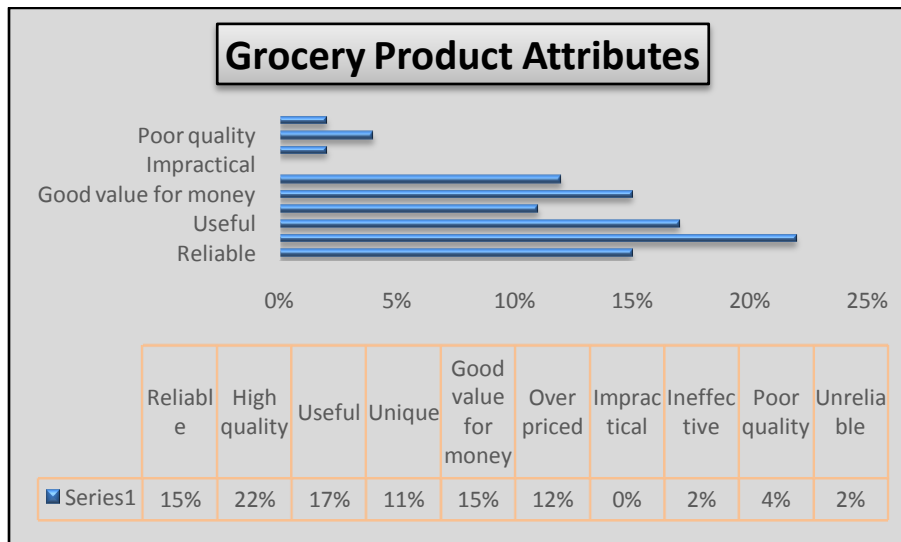


Chart 3: Customers requirements being satisfied by the grocery items from organized stores

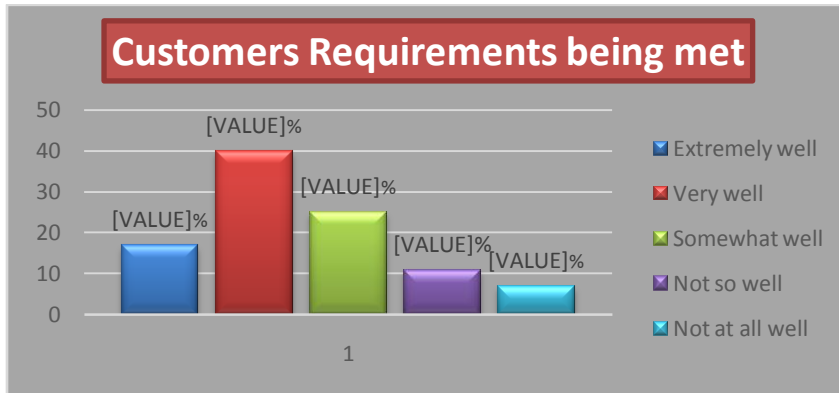


Chart 4: Value for money for the products of organized grocery stores

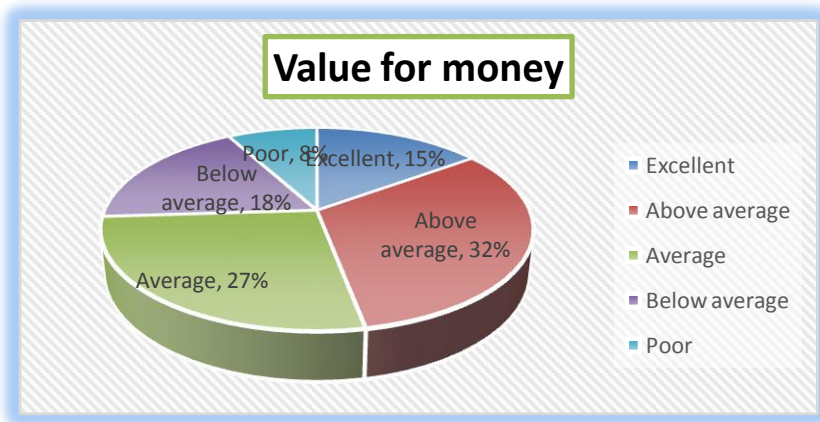
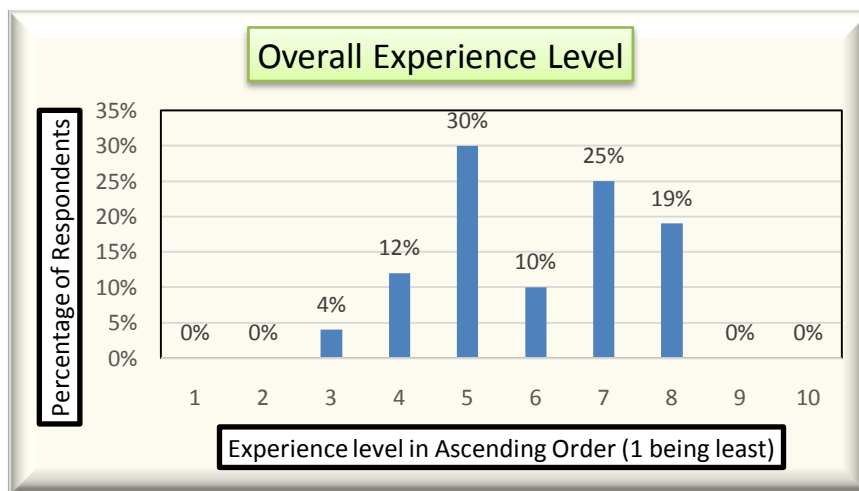


Chart 5: chart showing overall experience of customers in organized retail stores



ANALYSIS

From the above charts it can be analysed that:

- a) Majority of the customers have the experience of shopping in organized retail formats for the grocery items.
- b) It can also be seen that a considerable percentage of customers have very less exposure of buying grocery items in the organized stores or formats.
- c) From the study it is seen that customers who shop in organized format consider high quality as a main attribute of organized stores followed by usefulness, value for money and reliable.
- d) Majority of the customers feel that their requirements have been met satisfactorily whereas considerable percentage of customers are still not able meet their requirements.
- e) A good percentage of customers derive positive value for money by shopping at organized grocery stores whereas some still feel that they don't get what they pay for the items.
- f) From the study it can be inferred that majority of the customers enjoy a high level of experience in shopping organized grocery stores and at the same time there are a considerable percentage of customers who have lower level of experience in shopping organized grocery stores.

SUGGESTION BASED ON THE ANALYSIS

- a) Indian Organized Retail sector is still in its growth stage and hence it requires more time to reach to the mass as it is restricted to the metro and sub urban areas. Hence an effort is required from the Indian business giants to reach all over India.
- b) The people in metro and tier II cities are the ones to give this sector a boost so that the Indian retail sector can come out of odds, hence the shopping in organized formats must be made to suit the large middle class society of India.
- c) Customers choose organized retail sector not only to shop but to have a pleasurable experience in shopping. Shopping is seen as an entertainment mode in India and hence the same environment must be provided.
- d) People expect attributes like high quality, value for money and reliability from the organized sectors hence these attributed must be delivered to the retail customers.
- e) A considerable percentage of customers are still hesitant to try out shopping in organized formats with negative stereotypes, hence these barriers have to removed to encourage all class of customers.
- f) Customers in organized retail formats feel that they derive good value for money which is a positive sign and shows the willingness of the people to be attached with organized formats.
- g)

CONCLUSION

The idea that customer experiences can be strategically managed is not entirely new. In a sense, companies have always tried to influence and manage their customers' experiences through advertising, merchandising, store design, lighting, and music and, of course, service. They have always tried to

deliver a consistent set of cues, messages and human interactions that, taken together, create "the customer experience." Although the term may be new, customer experience management has for many years been a fundamental consideration in the way most companies do business.

Customer Experience Management is not, however, simply an old idea in a new wrapper. In recent years a number of fundamental changes have occurred in the business environment that have led to the emergence of Customer Experience Management as both a strategic discipline and a fast-growing industry, complete with a wide array of tools and solution sets.

Hence the Organized retail sector must strive continuous to achieve high level of customer experience by consistently knowing what influences them and what their expectations are.

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