

MK 322 Retail Management

Chapter 18: Customer Service

By Ajarn Suwalya K.

Strategic Advantage through Customer Service



Customer Service

- Customer service is the set of activities and programs undertaken by retailers to make shopping experience more rewarding





The state of Customer Service in 2020

A pillar for a thriving business; a core function responsible for driving profitability

Customer service drives loyalty & earns more business



Customer service is now on par with price and product in determining where people spend their money and assign their loyalty.

- Yes, it's fundamental to earning my loyalty and business (78%)
- Companies should offer great service, but it's not required (21%)
- No, customer service does not matter (1%)

Everyone today says customer service is important



82% of people say good customer service is extremely or very important, only 3% say it's only somewhat or not important.

82% of people have stopped doing business with at least 1 company or scrapped a planned purchase based on poor customer service

82%

... and 32% of customers have done this multiple times

32%

While companies have been making an effort to provide better service, your customers don't see it getting any easier (yet).



72% say customer service has not improved



25% of people say it has actually gotten worse



45% of people say it is frustrating or slow



Expectations for customer support are on the rise.



63% of customers have higher expectations for customer support than they did 3-5 years ago



47% of customers expect faster, more convenient resolutions



27% of customers expect customer service to be proactive



And those higher expectations are not being met.



61% of customers hate to repeat themselves



60% of customers are not getting their issues resolved during first contact



44% of customers hate waiting for a response on email, social or chat



Friendliness and speed are the most important service attributes.



61% of customers want a fast resolution

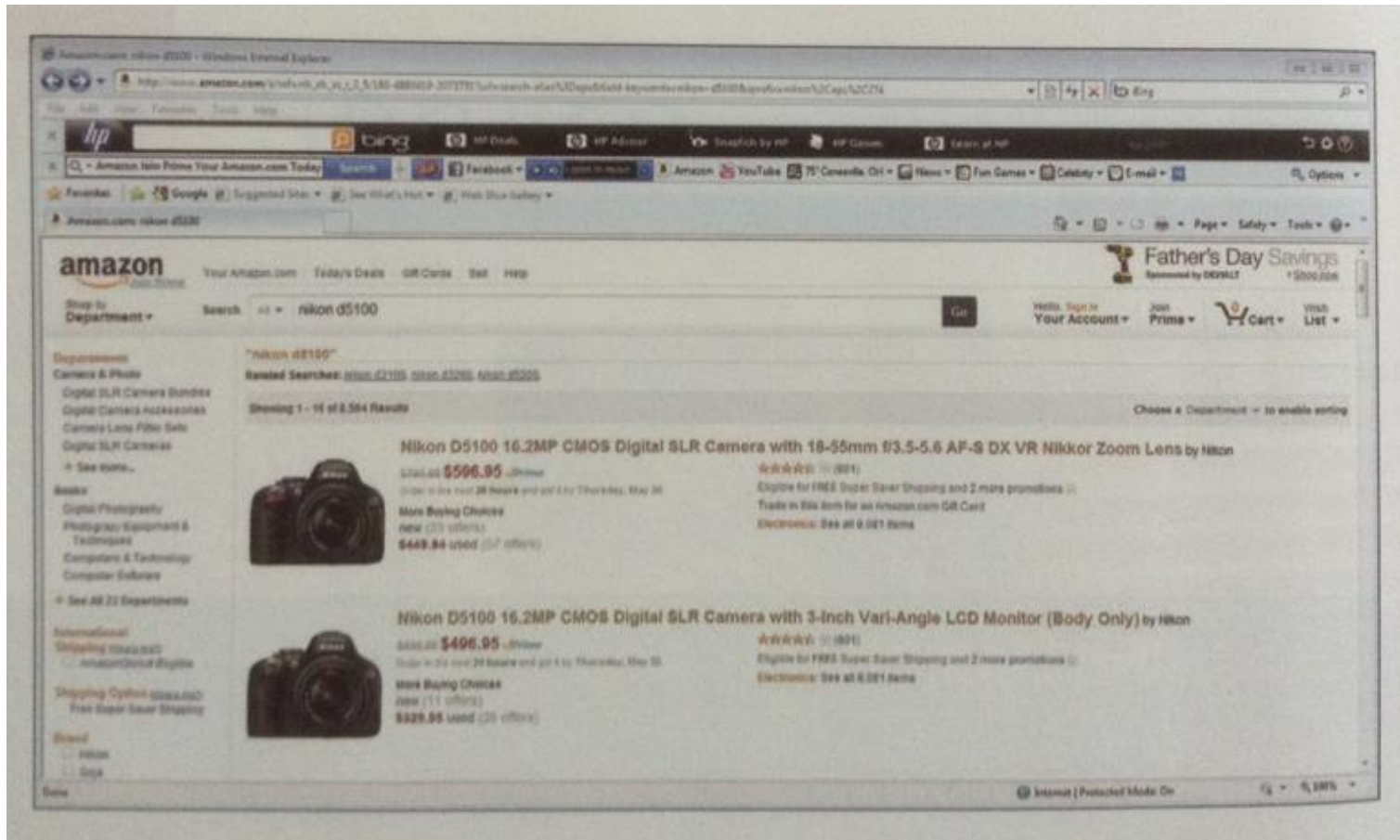


57% of customers want a favorable outcome



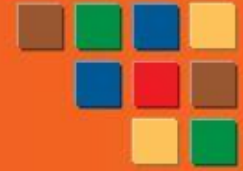
47% of customers want convenience

Services Offered by Retailers



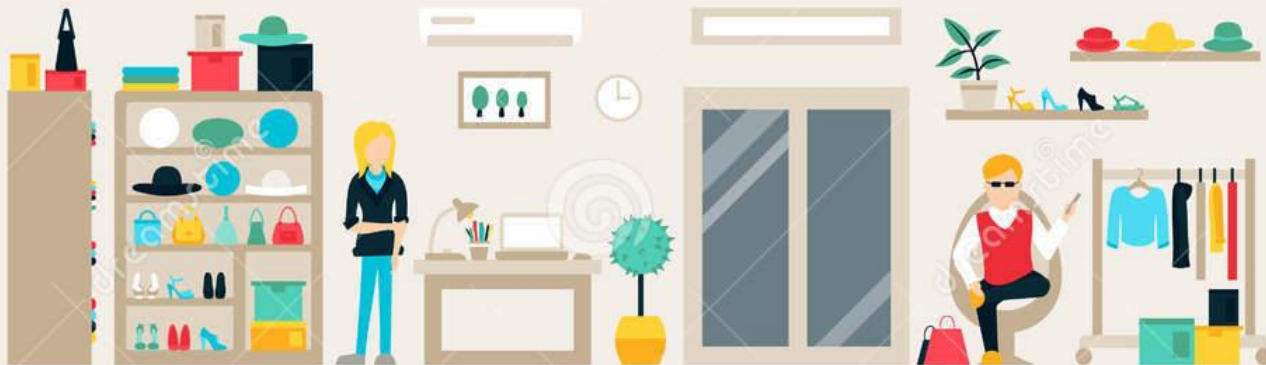
Shopping at Amazon is very easy

Services Offered by Retailers



Acceptance of credit cards
Alterations of merchandise
Assembly of merchandise
ATM terminals
Blogs
Bridal registry
Check cashing
Child-care facilities
Coat checks
Credit
Customer reviews
Deep selection
Delivery to home or work
Demonstrations of merchandise
Display of merchandise
Dressing rooms
Extended store hours
Easy returns to bricks-and-mortar location or online
Facilities for shoppers with special needs
(physically handicapped)

Free shipping
Gift wrapping and notes
Layaway plans
Online chat
Online customization
Online inventory search
Parking
Personal assistance in selecting merchandise
Personal shoppers
Repair services
Restrooms
Return privileges
Shipping to store or home address
Shopping carts
Signage to locate and identify merchandise
Special orders
Valet parking
Warranties



BEST SHOPPING TOUR

infographics



FASHION

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SHOPPING CENTER

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HOT PRICE

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ENJOY UP TO 30% OFF

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BIG SALE

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Top 10 Retailers for Customer Service

EXHIBIT 18-2

Top 10 Retailers for Customer Service

Ranking	2010	2011
1.	Zappos	Amazon.com
2.	Amazon.com	L.L. Bean
3.	L.L. Bean	Zappos
4.	Overstock.com	Overstock.com
5.	Lands' End	QVC
6.	JCPenney	Kohl's
7.	Kohl's	Lands' End
8.	QVC	JCPenney
9.	Nordstrom	Newegg
10.	Newegg	Nordstrom

Source: NRF Foundation/American Express, "Consumer Choice Awards," www.nrffoundation.com/content/customers-choice-awards.

Customer Service

One of the services offered by most brick-and-mortar retailers is the opportunity to try out the merchandise.



Customer Service Approaches

- **Personalized services** requires that service providers tailor their services to meet each customer's personal needs
- **Standardized service** is based on establishing a set of rules and procedures for providing high - quality service and ensuring that they get implemented consistently

Customer Service Approaches



The signage in the store on the left provides standardized services, while the sales associate on the right provides personalized services tailored to match the needs of each individual customer.

Customer Service Approaches



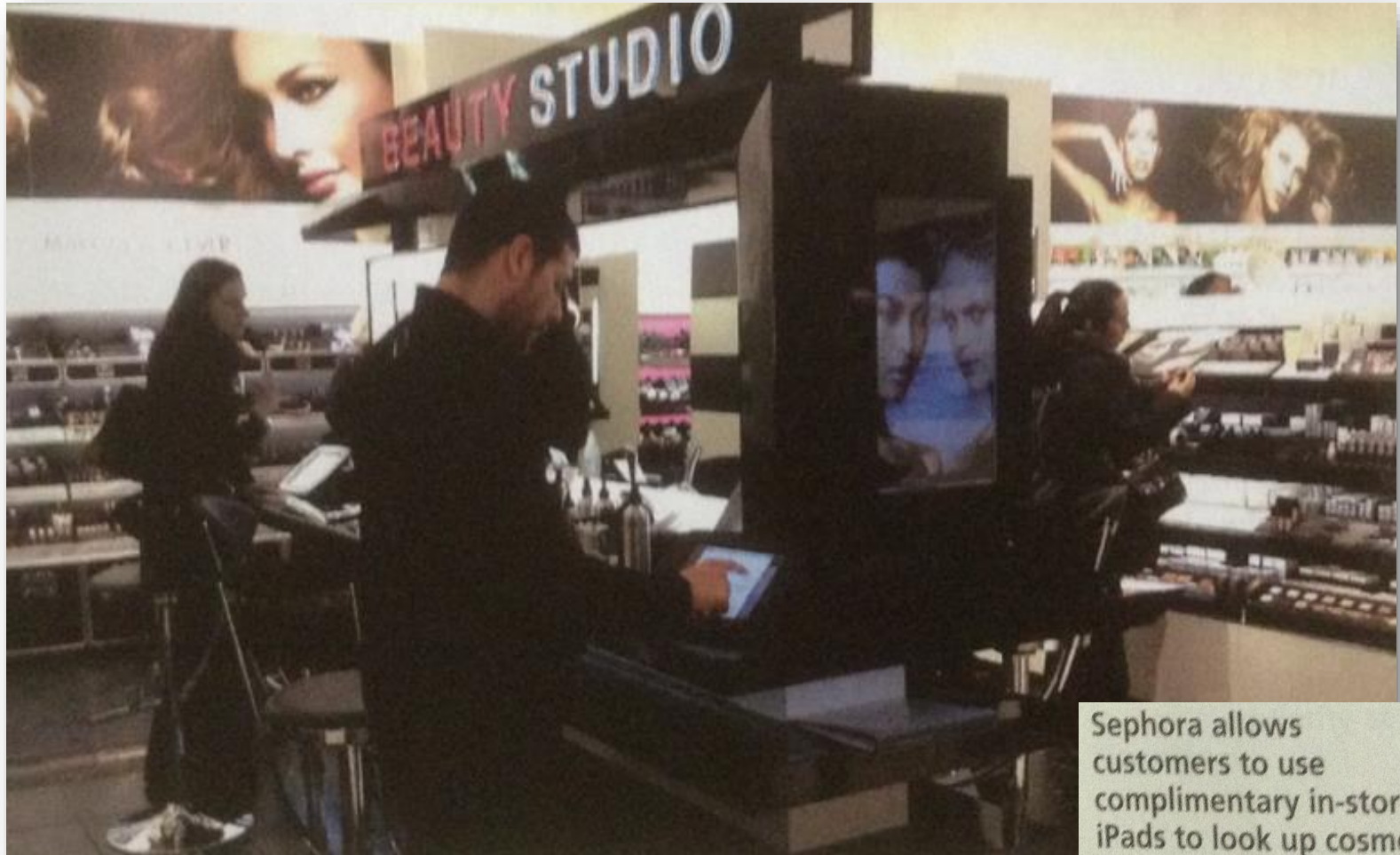
IKEA effectively uses standardized services through its signage, information on displays, and merchandise.

Customer Service Approaches

- **Use of Service Approach** – the buying process that consumers go through depends on the consumers' past experiences and risk associated with that purchase decision



Customer Service Approaches



Sephora allows customers to use complimentary in-store iPads to look up cosmetic recommendations while shopping.

SEPHORA





Sephora - Beauty and Cosmetics Virtual Try-On with Lift and Learn Magic Mirror ...

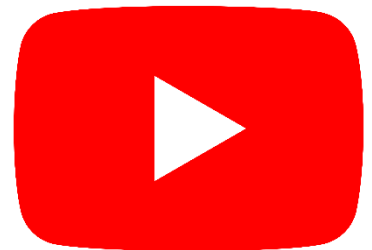
Perch Interactive · 4.1K views · 2 years ago

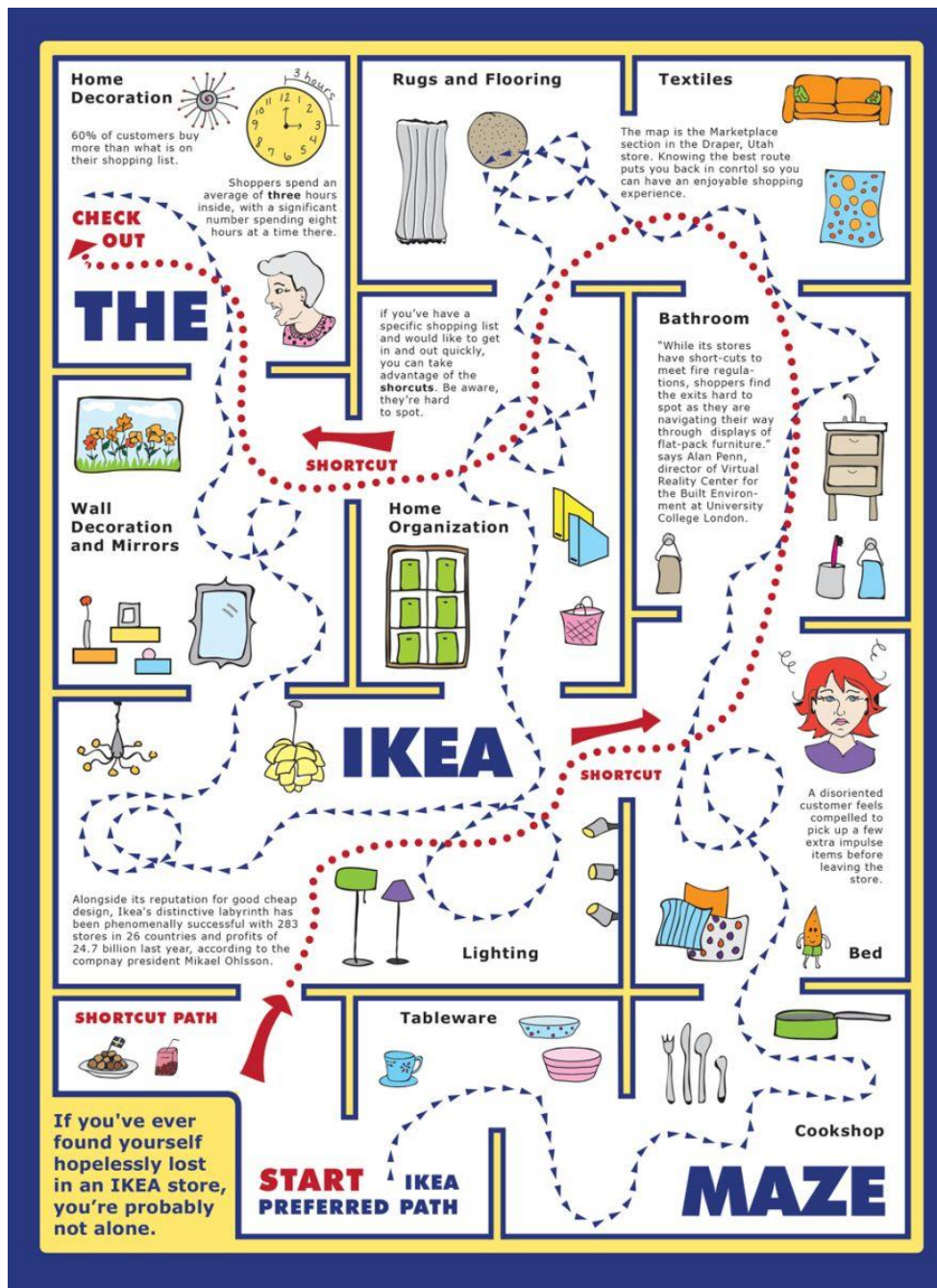




How augmented reality is playing a role in the beauty industry | The Edge

CNBC International TV · 8.1K views · 4 years ago







Persona

BRETT MACKENZIE

- New home owner
- 25 year-old female
- Looking for organizational furnishings that are aesthetic
- Wants to enjoy her shopping experience



Entice

STAKEHOLDERS

Media	Investors
Ad space	Time and money
Customers	Management
Time	Time and money

OBSERVATIONS



DESIGN OPPORTUNITY

In the IKEA app be able to create wishlists and notify the customer when the items go on sale.

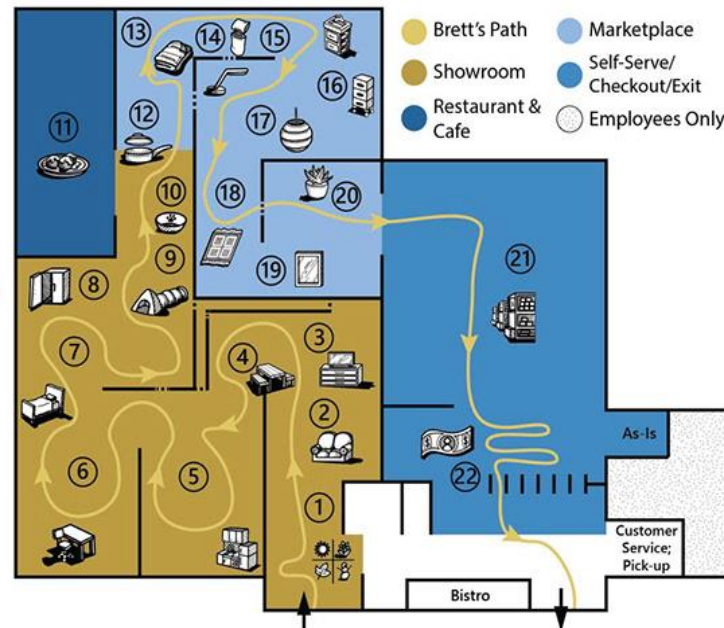
Major motivation to go to shop was the food, making IKEA a unique experience.

Biggest deterrent in IKEA and causes people leave empty handed.

Favorite Least Favorite



THE IKEA EXPERIENCE



Extend

STAKEHOLDERS

Media	Investors
Ad space	Time and money
Community	Management
Time and engagement	Time and money
Customers	
Time	

OBSERVATIONS



DESIGN OPPORTUNITY

In the IKEA app, create a space to share what you bought and incentivize it with coupons to have customers create an outreach beyond family and friends.

Exit

STAKEHOLDERS

Employees	Management
Time and money	Time and money
Community	Suppliers
Time and engagement	Time and materials
Government	Customers
Taxes and GDP	Time and money

OBSERVATIONS

- One designated exit
- People are tired but satisfied
- Get's crowded easily
- The Self-Serve is "intimidating" and loud

DESIGN OPPORTUNITY

Add soft white, sound dampening panels part-way up the walls of the Self-Serve section.

Enter

STAKEHOLDERS

Community
Money and engagement
Customers
Time
Employees
Time and money

OBSERVATIONS

- One designated entrance
- People are happy and energetic
- Can also order online and pick-up in the store
- The online with pick-up has to enter through the exit



DESIGN OPPORTUNITY

Create a curbside pick-up option to decrease traffic in the store, especially near the checkout.

Engage

STAKEHOLDERS

Customers
Time
Employees
Time and money
Suppliers
Time and materials

OBSERVATIONS

- High touchpoint
- People are price-conscious
- Maps can be confusing
- People shop in partners or in a small group



DESIGN OPPORTUNITY

In the IKEA app, create a NFC store map that let's the customer know where they are and notifies them about new items and deals in the section they are walking through.

Customer Evaluations of Service Quality

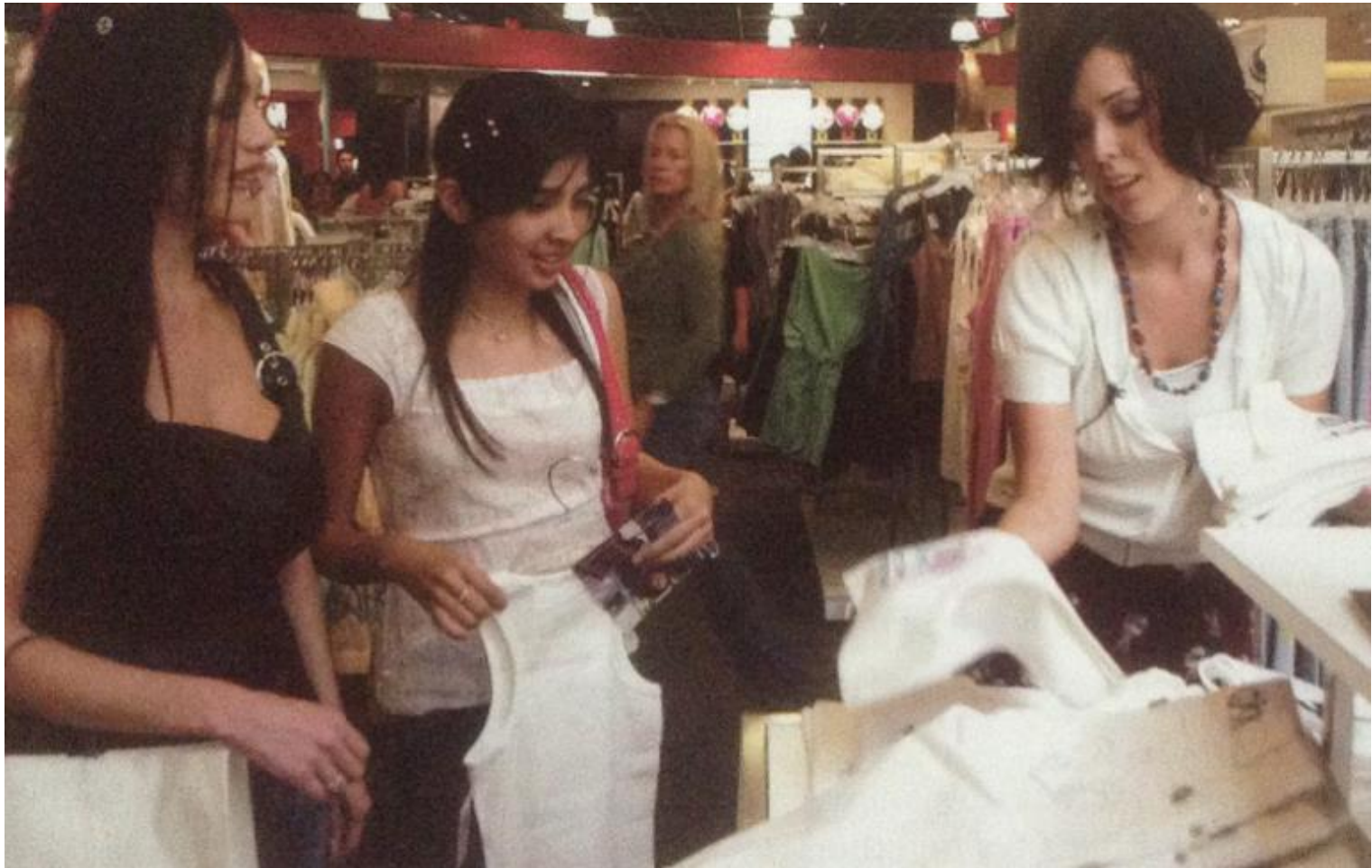


Perceived Service



- **Reliability-** the ability to perform the service dependably and accurately, such as performing the service as promised or contracted or meeting promised delivery dates
- **Assurance-** is the knowledge and courtesy of employees and their ability to convey trust and confidence

Perceived Service



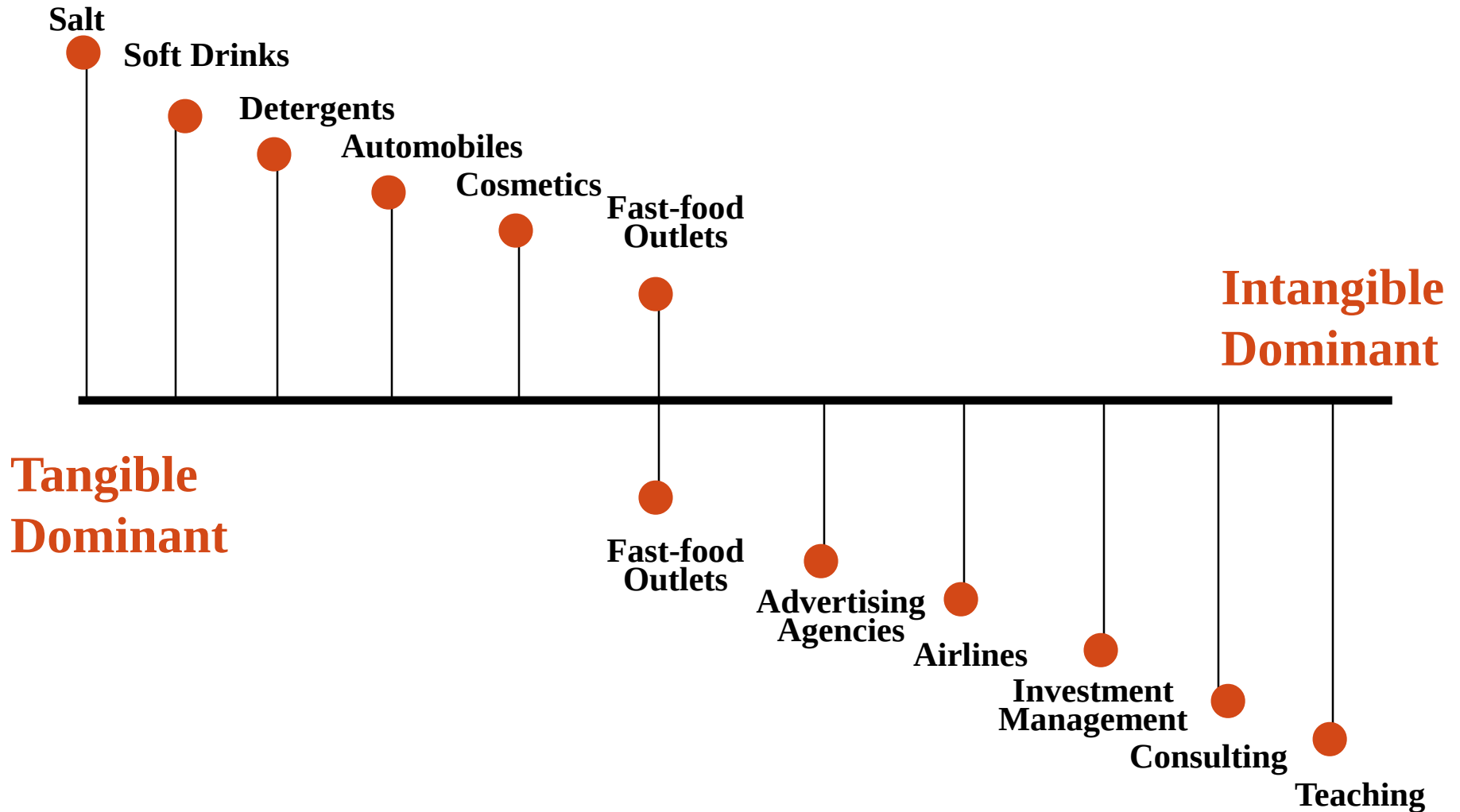
Great customer service is always a priority at Nordstrom

Perceived Service

- **Tangibility** – is associated with physical facilities, equipment, personnel and communication materials



Tangibility Spectrum



Perceived Service

- **Empathy** – refers to caring, individual attention provided to customers
- **Responsiveness** – means to provide customer service personnel and sales associates that really want to help customers and provide prompt service



Perceived Service



Retailers are enhancing their service levels in Germany.

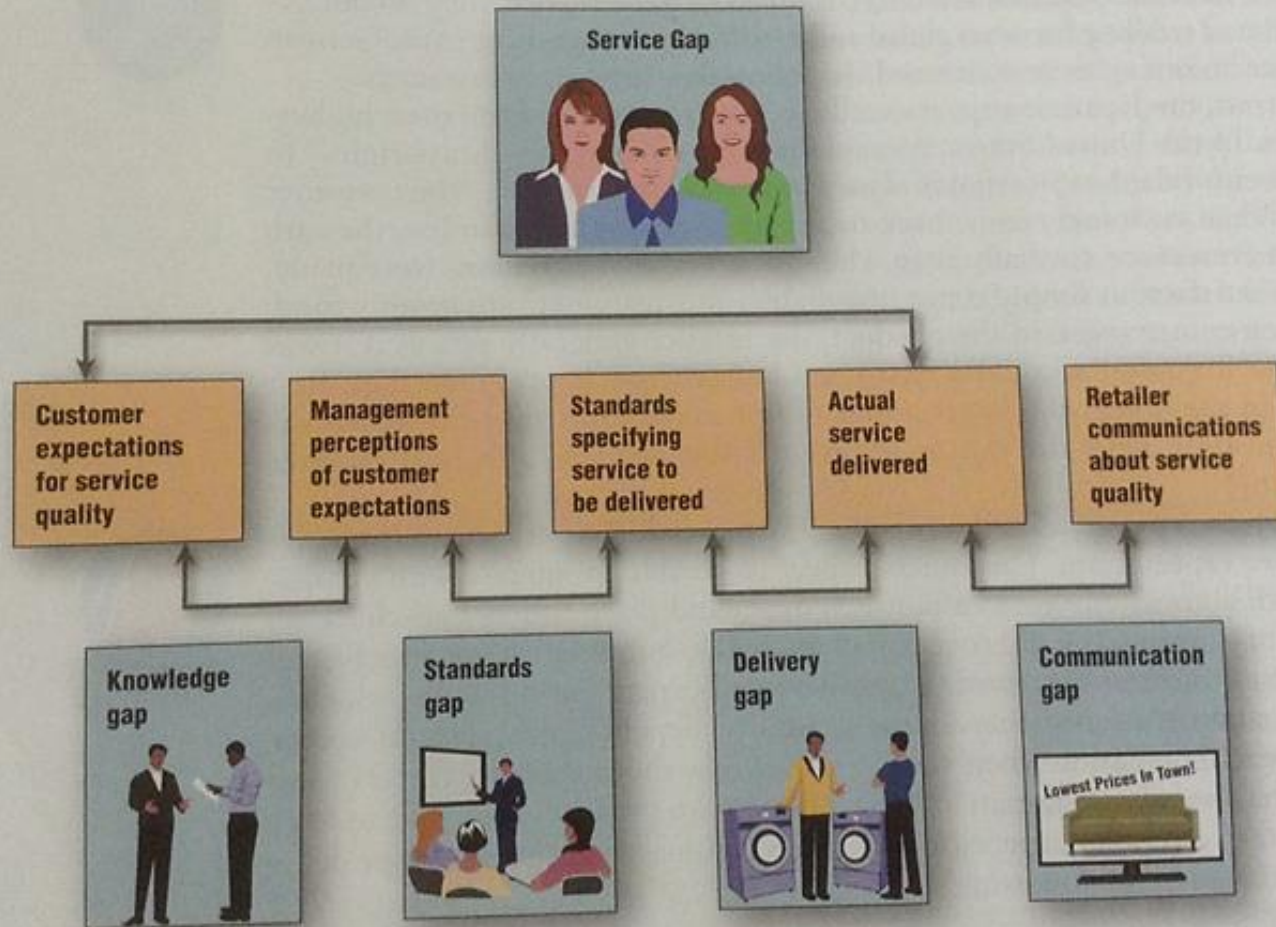
The Gaps Model for Improving Retail Customer Service Quality



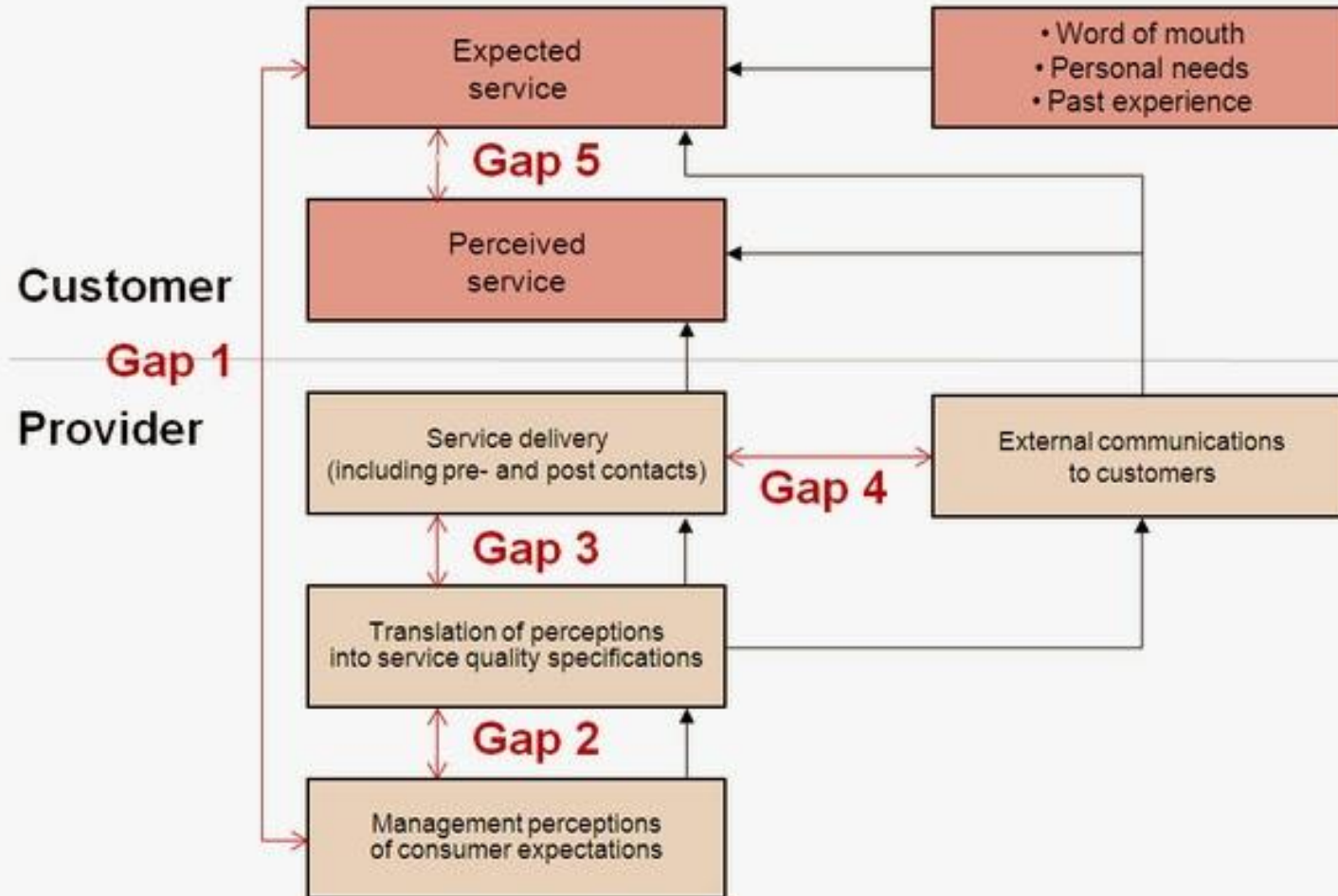
Gaps Model

EXHIBIT 18.3

Gaps Model for Improving Retail Service Quality



Gap Model of Service Quality



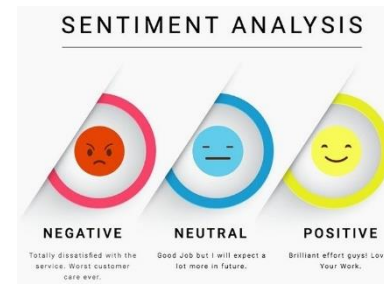
Gaps Model – Sentiment Analysis



Sentiment analysis is allowing Crocs to better serve its customers.

Sentiment analysis is allowing Crocs to better serve its customers.

Sentiment analysis **is used to analyze social media posts, tweets, and online product reviews, as a way to track opinions, reactions, and ultimately improve customer service and experience.** It's great for market research, brand and product reputation monitoring, and customer experience analysis.



Gaps Model – Customer Satisfaction

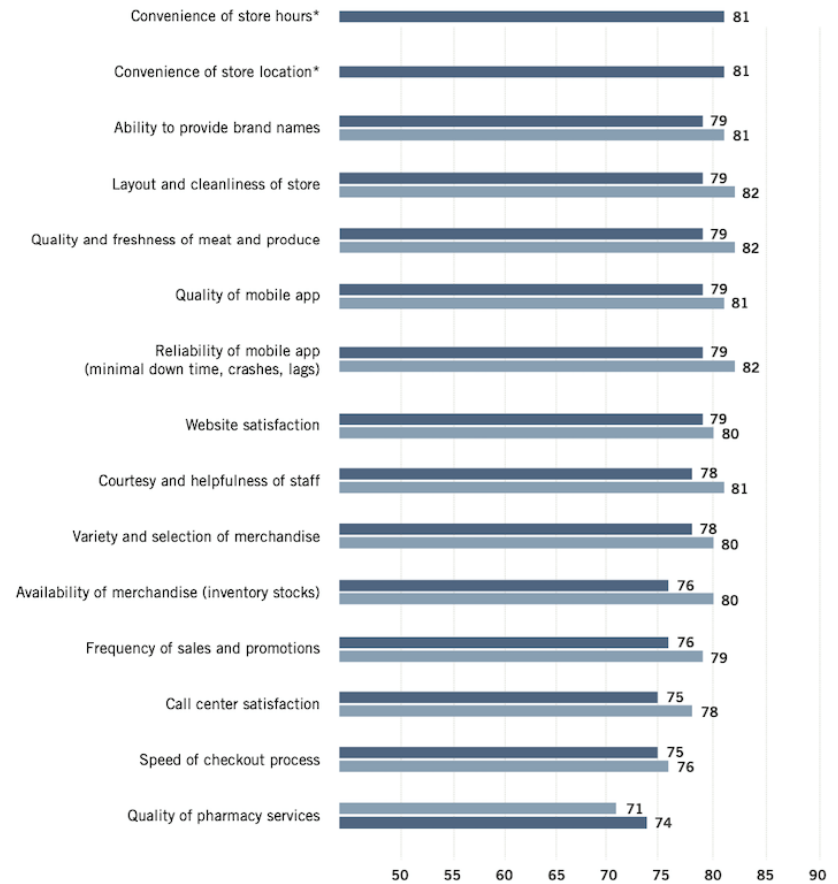
SUPERMARKARKETS

Customer Experience Benchmarks

Year-Over-Year Industry Trends

■ 2020

■ 2019



0-100 Scale

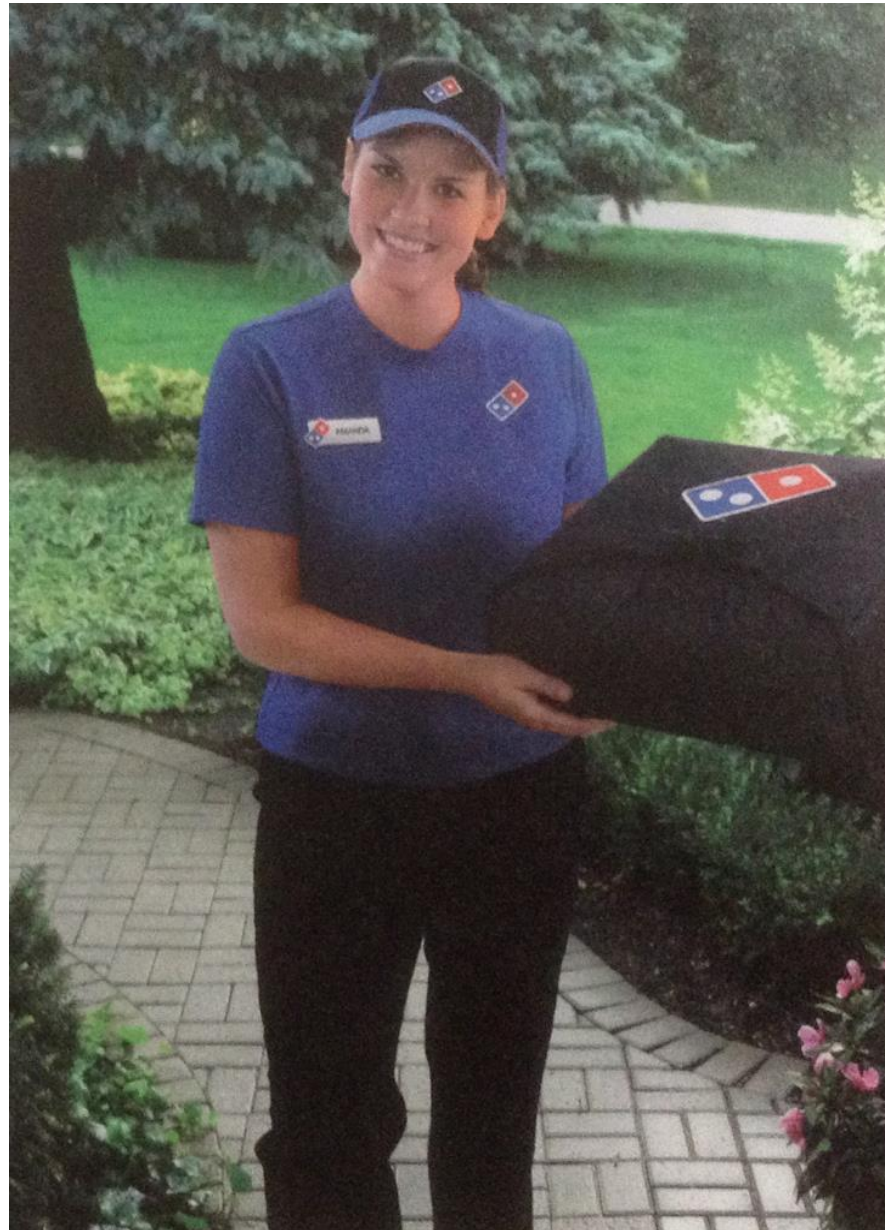
*Not Measured in 2019

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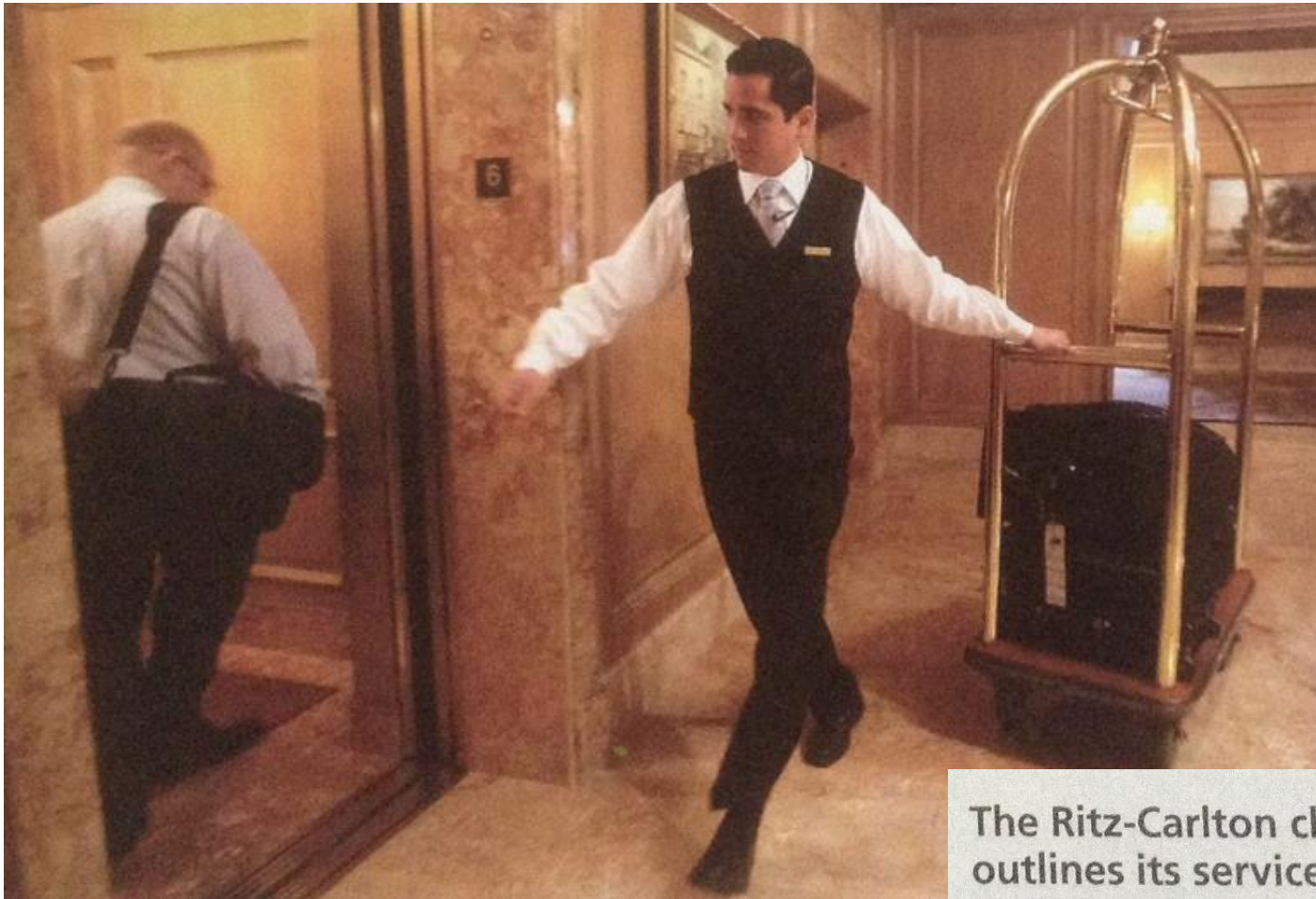
Gaps Model



Domino's has revamped its image-
both the food and its service



Gaps Model



The Ritz-Carlton clearly outlines its service standards to its employees.

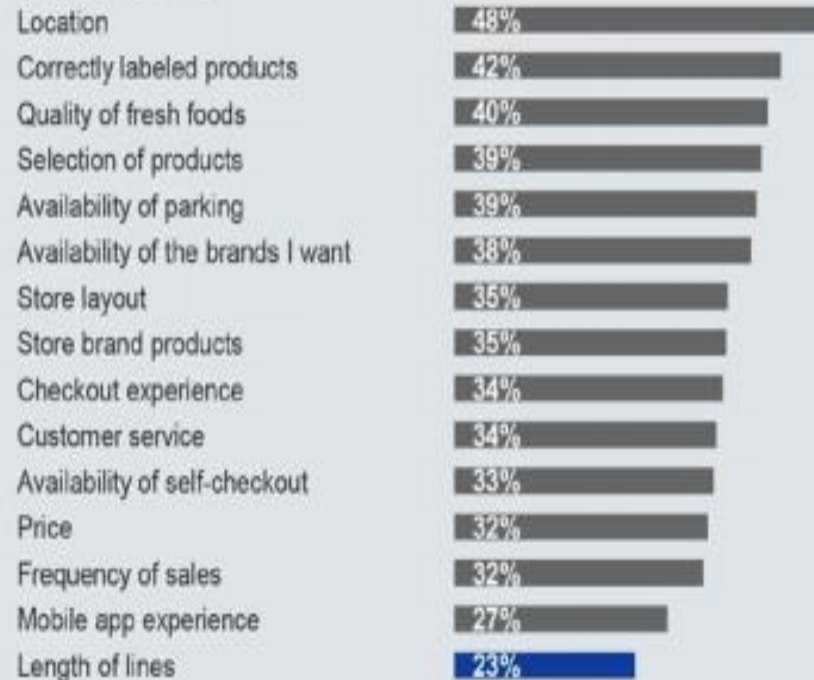
Gaps Model



Customers' satisfaction decreases if they have to wait in checkout lines too long or if they feel others who arrived later are checked out before them.

How satisfied are you with each of the following parts of your shopping experience?

Very satisfied



Base: 1,000 US consumers who have shopped for groceries in the past two weeks

Note: Respondents who selected "Don't know" have been removed.

Source: A commissioned study conducted by Forrester Consulting on behalf of Digimarc, April 2018





That's All Folks