# "Customer satisfaction in retail", a new trend in marketing concept.

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**Abstract**

There has been a seismic shift in marketing focus over the last few years, and it's nothing to do with the internet! *According to BrandZ- Retail top 20, 2011 edition* "Retail itself is becoming a bit like the path to purchase—unpredictable, fast changing and difficult to summarize". There's no question that the current retail environment is intensely competitive and complex. Winning on price is tough, and many argue that price wars are simply a race to the bottom. Competing on selection can be difficult as well. So how will retailers distinguish themselves? *CEO, Tompkins International.* If clients have the wrong retail strategy or the wrong supply chain strategy, the retailers could end up going down the wrong path. But turmoil within the supply chain field will make for tough navigation. The store has become an essential place to influence purchase decisions.

This paper showcases not only the market context that has led to the significant growth in retail research but also customer satisfaction in retail. Clients are increasingly getting thirsty in understanding the barriers that prevent their growth in brand share, distribution and sales in a competitive retail environment. They are

now interested in building retailer relationships with the aim of driving their volumes.

**Introduction**

Every brand marketers' challenge is how to build their Brand equity and how to turn this equity into actual consumption through trade marketing activities that stimulate sales. This can only be achieved if the brand is available at retail.

The store is an important place to influence purchase decisions, ensuring that retailers avail our clients' brands, what are our clients doing to align their supply chain with their business strategy to create supply chain value? It's the answer that will guide them through the crossroads and on to success in line with their growth plans.

The retail environment plays a vital role in driving sales; we know that retail outlets are not just a distribution point but also brand communication points. Our clients therefore need the research fraternity to guide them on how to optimize the in store levers that triggers increased brand/category volume off take. They expect us to guide them on the retailer situational influences on both the soft issues (credit facilities, trade margins, preference in product stocking) and hard issues like brand, category and pricing.

Clients have increased interest in driving customer satisfaction at retail. However they are typically at cross roads to justify significant investment in improving service (if service is important) or balance investment in service improvements against other elements (i.e. product improvement).It is important to understand

how service drives the overall purchase decision, i.e. the extent to which overall service influences choice against other macro issues such as brand, price and product. An additional challenge lies in making sure that all target channels work together to support the overall sales and marketing strategy.

Since satisfaction drives behavior, brand managers need to have a thorough understanding of what drives Retailers satisfaction to influence sales growth and increasing brand loyalty.
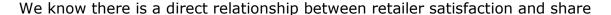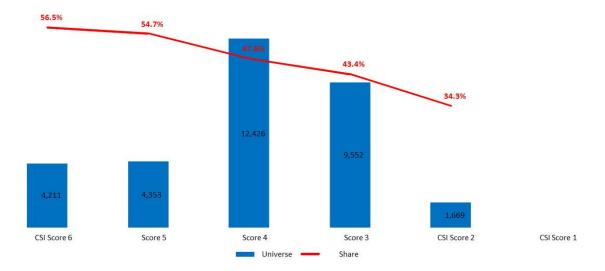
**Retailer satisfaction**

In the expectancy disconfirmation paradigm, consumers form expectations, which act as a standard against which service performance will be judged (Singh 2012). Research program should focus on dynamics connected to how the retailer manufacturer interactions take place (Mystery Seller) or for example, to how commercial terms and actual product availability really impact trading options…

In Kenya traditional store contribute to about 80% of the FMCG sales (source TNS Retail Audit), the traditional in store initiatives are more effective when placed near the cash till, near where the retailer normally sits or directly in front of the 'shopper window', which is the only point where one interacts with brands stocked. In these channels, brand recommendation is key as it correlates to retailer satisfaction.

The modern trade shopping in Kenya is growing and trending more to as a life style, with improved retail ambience as well increased footfall. It's imperative for the brand/category manager to tap on the aforementioned by improving relational satisfaction benefits to the retailer this includes activities in store for instance merchandising and product promotions.

**What we can do to help our client build this satisfaction:**

We know there is a direct relationship between retailer satisfaction and share



*Source TNS RA audit 2012*

Clients need to build strong relationships at retail to help grow business. Retailers don't leave because of a product; they leave because they don't feel their business is valued. Retailers don't quit the product as often as they quit the relationship and experience they have working with the company representatives.

The research fraternity needs to design the retail satisfaction measurement tools at retail to effectively tab into this space.

With the below weight of evidence, why do brand managers still not truly focus on improving the Retail Experience?

**1.** Price is not the main reason for customer churn, it is actually due to the overall poor quality of customer service – *Accenture global customer satisfaction report 2008.*

**2.** A customer is 4 times more likely to defect to a competitor if the problem is service-related than price- or product-related – *Bain & Company.*

**3.** The probability of selling to an existing customer is 60 – 70%. The probability of selling to a new prospect is 5-20% – *Marketing Metrics.*

**4.** For every customer complaint there are 26 other unhappy customers who have remained silent –*Lee Resource.*

**5.** A 2% increase in customer retention has the same effect as decreasing costs by 10% – *Leading on the Edge of Chaos, Emmet Murphy & Mark Murphy.*

**6.** 96% of unhappy customers don't complain, however 91% of those will simply leave and never come back – *1Financial Training services.*
**7.** A dissatisfied customer will tell between 9-15 people about their experience. Around 13% of dissatisfied customers tell more than 20 people. – *White House Office of Consumer Affairs.*

**8.** Happy customers who get their issue resolved tell about 4-6 people about their experience. – *White House Office of Consumer Affair.*

**9.** 70% of buying experiences are based on how the customer feels they are being treated – *McKinsey*.

**10.** 55% of customers would pay extra to guarantee a better service – *Defaqto research.*

**11.** Customers who rate you 5 on a scale from 1 to 5 are six times more likely to buy from you again, compared to 'only' giving you a score of 4.8. – *TeleFaction data research.*

**12**. It takes 12 positive experiences to make up for one unresolved negative experience – *"Understanding Customers" by Ruby Newell-Legner.*

**13**. A 5% reduction in the customer defection rate can increase profits by 5 – 95%
– *Bain & Company.*

**14.** It costs 6–7 times more to acquire a new customer than retain an existing one
– *Bain & Company.*

**15.** eCommerce spending for new customers is on average $24.50, compared to
$52.50 for repeat customers – *McKinsey.*

**MAJOR INTEREST IN RESEARCH MEASUREMENTS IN SERVICE
TRANSFORMATION BY OUR CLIENTS IN RECENT TIMES**

Customer satisfaction in retail measurement is viewed as a means rather than an

end – as part of a cycle of continuous improvement of service delivery and as part

of the wider tool kit of customer insight techniques. Many Brand managers are

increasingly interested in the retailer satisfaction, to be able to monitor

performance over time and measure the impact of service improvement activity.

Some of the ways to measure service at retail include:

1. **Customer satisfaction indices** (CSI); - This are mainly the service ratings on
   a scale for the agreed upon attributes by the client. The attributes would
   range from invoicing, delivery and quality of sales representatives etc.

2. **Execution Checks** – Timed back-checking of call cards which have been
   filled out by Sales Representatives, during every sales call, Sales
   Representatives fill out call cards with information of the outlet. A call card is
   a checklist which contains general outlet information and channel specific
   standards, ie. Selected brands and SKUs, recommended pricing structures,

and selected visibility materials. This is then cross checked against the client's database of the most important customers.

3. **RETAILER UNDERSTANDING STUDIES** – This are the qualitative research techniques used to better understand a service through the retailers eye's and to explore in-depth their experiences and expectations.

4. **RETAILER SEGMENTATION STUDIES** – Quantitative Research that can provide numerical measures of Retailer satisfaction and statistically representative findings to assess the performance of a service and provide information to drive improved service quality.

## References

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