Retail Customer Service - *The road less traveled*

It is difficult to define customer service in retail context because customers interact with a retailer as a single entity and not with individual departments and functions of the retailer. In a way, customer service is any contact between a customer and a retailer before, during and after purchase and is not limited to human interface. From the retailer perspective, it is a process aimed at enabling it to constantly and consistently meet or surpass its customers' needs and expectations at each step – from the time of entering the store (maybe even prior to that through marketing) to the entire process and experience of buying, queuing, billing, after sales service/ returns handling, loyalty programs etc.

However, it is important to specify customer service with some tangibility because what cannot be defined cannot be communicated to employees and definitely cannot be improved. There are several elements which together form part of customer service and more than one way to classify the same, one of which is as follows:

1. Hygiene: These are 'must have' elements whose presence does not delight or satisfy since customers definitely expect these from store, but their absence is a definite put-off.

Some examples of 'poor hygiene' are store lights or cooling not fully functional, store floor/ shelves not clean, trial rooms stuffed with cartons, poor signage, store not ready for customers at opening time, products not placed in their correct sections or tagged, damaged/ expired stock in store etc

E.g. : A problem I encounter very often during checking-out in hypermarkets is that invariably some product's price tag / bar code is missing and the store staff has to go back to the product section to find out it, causing delay and frustration not only to me but even to customers queued up behind

2. Satisfiers: These are elements which if addressed properly can lead to high satisfaction and if not addressed well can lead to high dissatisfaction. This includes elements like maintaining the width and depth of product range the retailer projects or

promises to customers, trained and courteous sales staff able to assist customers with their queries, good merchandising, promised pricing etc.

E.g.: I was shopping for cookware in a popular hypermarket and sought the sales staff assistance, only to discover that he knew even less about that section and category than me, so I walked away. Few days later I walked into another store and since the cookware purchase was still pending I ventured to the section. Not only the sales staff gave satisfying answers to my queries, he also proactively helped me compare brands and products available and informed me of discounts I could avail in that section. Needless to say, I ended up buying this time and felt highly satisfied with the experience

3. Delighters: The customer is not expecting these from the store and if the store is able to provide these, it results in delight. This can include unexpected rewards or services or even an exemplary level of customer experience during regular interaction

E.g.: A friend purchased some clothes which needed alteration– the store had a half day lead time for alteration delivery but she had travelled 30 km and needed to return. Sensing that she was about to change her mind about the purchases and may not even visit the store the next time, the store manager said " Though we don't do it usually, but for the distance you have travelled for us and for the 1 hour you have spent shopping here, we will deliver the altered clothes in half an hour". Her indecision instantly became delight and through their small gesture and smart communication they not only ensured a loyal customer but also an advocate for the store!

Though many of us don't realize it, perhaps the best example of customer service in retail environment is the good-old neighborhood *kiran*a . The owner understands that when you ask for a 'pack of tea' which brand and SKU you want; he also remembers to tell you that the juice flavor you were looking for last time has arrived; he is willing to extend credit and receive monthly payment; he automatically builds in some discount to the gross total and is willing to deliver Rs. 10 item at your home in 10 minutes; he does not forget to recommend a new brand of butter cookies since you mostly buy butter biscuits; and yes, he also remembers to ask if your mother's arthritis is better!

Of course, it is difficult in an organized retail environment to give a high level of personalized customer service due to several reasons:

- **Large customer base** : The catchment of organized stores is larger than traditional stores and so is the customer base

- **Large formats and self-service environment** : In a large self-service environment , it is difficult to monitor and remember customer preferences unlike the small over-the-counter formats where high interaction with store staff is unavoidable

- **Less ownership and high attrition**: While traditional formats have shop-owners in the store who over years keenly nurture relationship with their customers, organized formats have employees, who not only keep changing due to attrition, but also have little motivation to get to know the customers better

- **Process driven:** The organized stores also work on a large scale across cities; hence it is important they are process driven unlike traditional stores where the owner has complete authority and discretion. Also, as they have to be scalable, they are less customized to local preferences

- **High customer expectation**s: Customers have high expectations from organized retail since these are supposed to be 'better and evolved' formats and therefore have lower tolerance for inefficiency. Hence, not only promised product and services quality, at expected price and store environment need to be consistently available - the employees in these stores also need to be well-trained about the products and services offered , store processes and softer skills

Hence, it becomes imperative for organized retailers to adopt processes through which they can understand their customers and provide good customer service to them consistently. Some of the large organized retailers rely on retail ERP systems for administration and optimization of internal business covering areas like merchandize management, retail planning, supply chain planning and execution, store operations and overall administration. Retailers also focus on employee training on product, services, processes and general communication and etiquettes since store staff is the only

human customer interface for a retailer and they play a very important role in delivering customer service.

CRM or customer relationship management is a part of store operations. There are several CRM tools which can enable retailers to segment customers based on various parameters (e.g. their contribution to sales, profitability or development potential etc) and target the preferred customers in a more focused way. These tools can enable retailers to be selective about which customers they choose to 'delight' so that their investment is cost-effective.

 But merely having CRM tools is like having fuel in your car –you may remain standstill, end up wasting time and money by driving in the wrong direction or use it wisely to reach your desired destination. Similarly, unless the CRM tools are intelligently designed, implemented and used to capture relevant information and incorporate the analysis into marketing and store strategy they may end up being a waste of time and money. More often than not, CRM ends up being non-optimally implemented and used.

CRM activities by most retailers in India have been largely limited to employee training and giving out loyalty cards to induce higher loyalty in customer base. However, loyalty cards are mostly not used strategically to map and analyze loyal consumer profiles, purchases and build more efficient marketing and store strategy.

Organized retail is still in an evolving phase (<6% of total retail (US$ 470 Bn) in India). Till a few years back, retail chains' main focus was growth through addition of new stores. However, retailers are now waking up to the importance of store level profitability, increasing store efficiency and enhancing sales through better customer experience. Unlike the more mature retail markets, in India very few retailers have given the required attention to customer service -recently some retailers have adopted technology initiatives like mobile POS to reduce the queuing time of customers during rush hours, updating shelf prices in real times to reduce customer dissatisfaction at finding different prices on shelf and at billing etc . However, this is just the beginning of a larger trend.

As the organized retail space gets more cluttered, similar formats will compete to capture the same customers. Products and services will increasingly becoming homogenous –especially more in the F&G space. Differentiating on low pricing is not always sustainable and hence customer service will become a potent tool to differentiate and drive customer loyalty. Several retailers are waking up to this reality and soon the opportunity will become a necessity for others. Customer service is finally due to get the attention it deserves in the coming times – it is this less traveled path which can be the difference between successful retailers and others in future.

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