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Design/methodology/approach: A questionnaire was designed for the purpose of data collection and was sent to 30 unorganized retailers and 30 customers in Ajmer in order to analyze the role and importance of customer service as competitive advantage for unorganized retailers. Multivariate statistical technique was used to analyze the data collected.

Findings: Customers expectations of the service of the unorganized retailers is positively related to the location, trustworthy salespeople, cleanliness etc but with respect to customer service the organized retail stores have a competitive edge.

Research limitations/implications: The unorganized retail stores have major disadvantages on all customer perceptions except location. Given the nature of sample a larger sample is needed to determine the factors influencing the customer service to be taken into consideration for the purpose of creating a competitive edge over the organized retailers.

Keywords: *customer service, retailing, strategic planning, competitive advantage.*

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Customer Service as Business Strategy for Unorganized Retailers: A Case Study of Ajmer

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Findings: Customers expectations of the service of the unorganized retailers is positively related to the location, trustworthy salespeople, cleanliness etc but with respect to customer service the organized retail stores have a competitive edge. So the unorganized retailers should strategically use customer service as a tool for competing with the organized retailers.

Research limitations/implications: The unorganized retail stores have major disadvantages on all customer perceptions except location. Given the nature of sample a larger sample is needed to determine the factors influencing the customer service to be taken into consideration for the purpose of creating a competitive edge over the organized retailers.

Practical implications: Customer service is one critical key to business success and retaining the existing customers' along with acquiring new ones. The unorganized retailers need to upgrade their facilities so as to provide customer satisfaction and maintain their customer base.

Originality/value: The paper predicts whether the foray of the large organized stores would influence the customer base of unorganized stores on the basis of customer service as strategy and suggesting measures to counter the onslaught. Further, insights are provided into the activities that can be used by retailers as competitive advantage by identifying the type of benefits they can offer.

Keywords: customer service, retailing, strategic planning, competitive advantage.

I. Introduction

In today's competitive environment, every business looks for opportunities to stand out from the rest. One of the ways one can differentiate business is by providing superior customer service. Customer service is more than merely selling skills. While selling skills focus on making or closing the sale, customer service concentrates on the total relationship you maintain with customers.

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Retailing is one of the world's largest industries. It is in a permanent state of change, and the pace of this change has been accelerating over the last decade. Retail outlets are the main source of purchase for consumers. Retailing is the final stage in the distribution process (from manufacturers to consumer), in which the retailer, as an intermediary, collects an assortment of goods and services from various sources and offers them to the customer.

Measuring and improving service performance is an essential strategy for success and survival in today's competitive situation, as service industries are sprouting at an incredible rate. Customer satisfaction is perceived to be a key driver of long term relationships between retailers and customers, especially when customers are well acquainted with products and markets and when industries are highly competitive. Services efficiency is one of the principal factors which influence customer satisfaction in a business to business context and help building customer retailer relationship.

Retailers are always looking around them to find out some strategies to differentiate their outlet or store from their competitors because of the fierce competition climate. One possible and important strategy is focused on providing high quality customer services. Customer services can be one possible competitive advantage for companies in all resorts. Customer service is the set of activities and programs undertaken by retailers to make shopping experience more rewarding for their customers. These activities increase the value customers receive from the merchandise and services they purchase. All employees of the retail firm and all elements of retail mix provide services that increase the value of merchandise. The services that a retail store can offer include acceptance of credit cards, alteration of merchandise, assembly of merchandise, ATM terminals, check cashing, child care, home delivery, demonstration of merchandise, display, dressing rooms, extended store hours, signage.

The challenges of providing consistent hi – quality service provides an opportunity for the retailer to develop sustainable competitive advantage. Small, independent retailers often attempt to develop a strategic advantage over large, national chains by providing customized customer service. Large chains can use their purchasing power to buy merchandise at lower prices than small local stores can. But small

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retailers can overcome this cost disadvantage by providing better customer service than a large, bureaucratic chain.

The aim of this paper is to present customer service as strategy for retailers especially in the unorganized sector so as to compete with the organized sector. Thus, the objectives of the present study are:

1. To analyze customer's expectations with respect to the service delivered to them at the unorganized retail stores.
2. To know the retailers view of using customer service as a strategy to create a competitive edge over the organized retailers.

II. Literature Review

Customer service includes all activities that enhance or facilitate the sale and use of the product. Like products, customer service gives firms the opportunity to gain market share and establish dominance in their industry (Kyz et al., 1989). Services are unique, and unlike industrial and consumer goods, services are intangible, heterogeneous and have a production inseparable from consumption (Parasuraman et al., 1988). Service value lies in the result of a process; the creation cannot be separated from the consumption. Furthermore services are not mass but individually produced, thus existing within the exchange between customer and company (Ghauri and Cateora, 2006).

Customer service as defined by Kotler (1994) is "the level of the person's felt state resulting from comparing a product's perceived performance (or outcome) in relation to the person's expectations. Basically this means that a customer's perception, which may or may not be what actually occurred, of the entire shopping experience is compared to the customers idea of what should have occurred. If the actual experience is less than the expected experience then the customer leaves with a sense of having received poor customer service. Customer services are everything, what company does for satisfaction of its customers. They help to gain higher profit from sold products. According to Bovee and Thill (1992), quality and customer services present strong barrier against the competition, ensure customer loyalty, differentiate product, decrease marketing cost and increase company profit.

Most research on customer perception of quality in the service industry has proven that focusing on perceptions of quality, value and satisfaction in service encounters has positive results for retailers. The retail industry is unique because it combines a product with service elements into the shopping experience. Often, dissatisfaction with the retailer has to deal with product dissatisfaction rather then the manufacturer, resulting in more customer service mishaps with the end user (McGoldrick, 2001).

Karl Albrecht describes customer service as:

Quality = Results – Expectations

To deliver positive quality a business must come up with a result beyond their customer expectations.

Zeithaml & Bitner (1996) suggest that competitive equality has been reached with many manufactured goods. Technological superiority is increasingly more difficult to maintain as a lasting strategy and maintaining low prices is equally challenging as a differentiating strategy. Therefore, one potential competitive strategy is the development of a service strategy.

III. Research Methodology

The study is based on primary data collected from 60 respondents in Ajmer city comprising of 30 unorganized retailers and 30 customers. Customers usually see what they expect to see and what they expect to see is usually based on familiarity, past experience, or preconditioned set. In a marketing context, people tend to perceive products and product attributes according to their expectations (Leon G. Schiffman and Leslie Lazar Kanuk, 1999). Study includes 29 features of retail outlets having due importance for the retailers to rate or analyze themselves and also for customers to analyze the quality of customer service provided to them.

The data was collected on the basis of the questionnaire which was prepared after a detailed literature review on customer perception of service attributes of the unorganized retail stores. A detailed literature review suggested the customer service variables of relevance as far as unorganized stores are concerned some of such attributes are: easy accessibility, layout of the store, performance of service at right time, availability of merchandise, price consciousness, employees knowledge, cleanliness, quality of merchandise, store ambience, parking, provision for credit and credit cards, refund / exchange etc.

IV. Findings and Analysis

The data collected from both the category of respondents was factor analyzed using principal component analysis method with varimax rotation. The resultant factors were identified using Eigen value greater than 1 criterion. The results for the retailer's survey showed the approximate chi – square value as 693.459 at 300 degree of freedom under the Bartlett's Test of Sphericity which is significant at 0.000 level implying overall significance of correlation matrix and the results for customer's survey showed the approximate chi – square value as 1219.752 at 406

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degree of freedom under the Bartlett's Test of Sphericity which is significant at 0.000 level implying overall significance of correlation matrix.

The Kaiser – Meyer – Olkin measure of Sampling Adequacy was 0.527 for retailers and 0.782 for customers which is sufficiently large. Thus, factor analysis may be considered appropriate for analyzing the data. Further analysis was therefore carried out. In the final results, total 7 factors out of 25 from the retailers survey and 8 factors out of 29 from the customer survey have been extracted. Customers were asked to rate the expectation of customer service from the unorganized retail stores on five point scale and the owners of the retail stores were asked to rate their service on the five point scale as well.

a) Customer survey results

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.782
Bartlett's Test of Sphericity	Approx. Chi-Square	1219.752
	df	406
	Sig.	.000

Descriptive Statistics

S.No	Attribute	Mean	Std. Deviation
Q1	The outlet has clean, attractive and convenient public areas	3.5667	.67891
Q2	The layout at this store makes it easy for me to find what I need	3.6000	.77013
Q3	The layout makes it easy for me to move around in the store	2.9667	.88992
Q4	The outlet performs all services right all the time	3.5000	.73108
Q5	The outlet has merchandise / products available when I want it	3.7333	.63968
Q6	Employees in the outlet have the knowledge to answer my questions	3.4000	.77013
Q7	I feel safe in my transactions with this store	4.1000	.30513
Q8	Employees in the outlet give quick services to customers	3.6333	.49013
Q9	Employees in this store tell customers exactly when the services will be performed	3.0333	.71840
Q10	Employees in this outlet are never too busy to respond to my requests	3.2000	.55086
Q11	The outlet gives me individual attention	3.4667	1.04166
Q12	When I have a problem, this outlet shows a sincere interest in solving it	3.6667	.71116
Q13	Employees in this outlet are able to handle customer complaints directly and immediately	2.9333	.94443
Q14	The outlet offers high quality merchandise / products	3.9333	.63968
Q15	The outlet provides plenty of convenient parking for customers	2.4667	.89955
Q16	The outlet has operating hours convenient to all their customers	3.9333	.58329
Q17	The outlet provides for credit	2.4000	1.06997
Q18	Merchandise / products are conveniently located and reachable	3.2333	.85836
Q19	The merchandise / products are properly organized	3.3000	.79438
Q20	The shelf where the items are placed is clean	3.6000	.77013
Q21	The outlet willingly handles returns and exchanges	2.5667	1.10433
Q22	The behaviour of employees in this outlet gives confidence in customers	3.3000	.83666
Q23	The overall service is good when shopping at this store	3.5667	.56832
Q24	Overall outlet environment can stimulate my purchase intention	3.4667	.50742
Q25	I received value for money at this outlet	3.5000	.50855
Q26	The service provided by this outlet meets my needs	3.5667	.50401
Q27	The service quality of this outlet is acceptable to all customers	3.4000	.56324
Q28	I am able to contact this outlet easily when needed	3.1667	1.01992
Q29	Overall I am satisfied with the services provided by this outlet	3.6667	.47946

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Total Variance Explaine

S.No	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.567	29.542	29.542	8.567	29.542	29.542	4.763	16.424	16.424
2	4.546	15.675	45.217	4.546	15.675	45.217	4.717	16.266	32.689
3	3.775	13.016	58.233	3.775	13.016	58.233	3.303	11.391	44.081
4	2.430	8.378	66.610	2.430	8.378	66.610	3.173	10.941	55.022
5	2.007	6.922	73.532	2.007	6.922	73.532	2.917	10.059	65.080
6	1.451	5.003	78.535	1.451	5.003	78.535	2.128	7.338	72.418
7	1.255	4.327	82.862	1.255	4.327	82.862	2.063	7.114	79.531
8	1.026	3.537	86.399	1.026	3.537	86.399	1.992	6.868	86.399
9	.876	3.021	89.420						
10	.686	2.367	91.787						
11	.595	2.052	93.839						
12	.502	1.733	95.572						
13	.353	1.217	96.788						
14	.245	.845	97.633						
15	.220	.758	98.391						
16	.145	.501	98.892						
17	.112	.387	99.279						
18	.063	.218	99.497						
19	.045	.156	99.653						
20	.037	.128	99.780						
21	.025	.086	99.866						
22	.017	.059	99.926						
23	.010	.033	99.959						
24	.004	.015	99.974						
25	.003	.011	99.985						
26	.002	.009	99.993						
27	.001	.005	99.998						
28	.000	.002	100.000						
29	3.101 E-05	.000	100.000						

Extraction Method: Principal Component Analysis.

b) *Retailers survey results*

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.527
Bartlett's Test of Sphericity	Approx. Chi-Square	693.459
	df	300
	Sig.	.000

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Descriptive Statistics

S.No	Attributes	Mean	Std. Deviation
1	The physical facilities at the store are visually appealing	3.9333	.73968
2	The store layout makes it easy for customers to find what they need	3.8667	.77608
3	The store layout makes it easy for customers to move around the store	3.0667	1.48401
4	When the store promises to do something by a certain time it will do so	3.4667	.50742
5	The store performs the service right all the time	3.6667	.71116
6	The store has merchandise available when the customers want it	4.4667	.50742
7	Employees in the store have the knowledge to answer the customers' questions	4.2000	.66436
8	The behaviour of employees in the store instil confidence in customers	3.7667	.72793
9	Customers feel safe in their transactions with the store	4.1333	.73030
10	Employees in the store give prompt service to customers	3.8000	.76112
11	Employees in the store are never too busy to respond to customer's requests	4.0333	.76489
12	The store gives customers individual attention	3.9667	.71840
13	Employees of the store are consistently courteous with customers	4.0000	.74278
14	Employees of the store treat customers courteously on the telephone	2.6000	1.37966
15	The store willingly handles returns and exchanges	3.0000	1.36458
16	When a customer has a problem the store shows sincere interest in solving it	3.8333	.74664
17	Employees of the store are able to handle customer complaints directly and immediately	3.8000	.80516
18	The store offers high quality merchandise	4.2333	.72793
19	The store provides plenty of convenient parking for customers	2.6000	1.03724
20	The store has operating hours convenient to all their customers	4.1667	.79148
21	The store accepts major credit cards	1.5000	.50855
22	The store gives personalized services to the customers	2.1333	1.30604
23	Cleanliness and tidiness are the important priorities of the store	3.8333	.83391
24	Overall outlet environment can stimulate the purchase intentions of customers	3.7000	.65126
25	The merchandise/ products are properly organized	3.9667	.76489

Total Variance Explained

S.No	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.863	27.453	27.453	6.863	27.453	27.453	5.312	21.248	21.248
2	3.683	14.731	42.184	3.683	14.731	42.184	4.289	17.154	38.402
3	2.811	11.243	53.427	2.811	11.243	53.427	2.996	11.986	50.388
4	2.597	10.388	63.815	2.597	10.388	63.815	2.541	10.163	60.551
5	1.797	7.187	71.003	1.797	7.187	71.003	2.117	8.467	69.018
6	1.237	4.948	75.951	1.237	4.948	75.951	1.497	5.989	75.006
7	1.127	4.508	80.459	1.127	4.508	80.459	1.363	5.453	80.459
8	.971	3.883	84.342						
9	.857	3.428	87.771						
10	.679	2.716	90.487						
11	.556	2.225	92.712						
12	.374	1.495	94.207						
13	.366	1.462	95.669						
14	.286	1.146	96.815						
15	.251	1.005	97.821						

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16	.150	.599	98.419						
17	.110	.442	98.861						
18	.081	.323	99.184						
19	.072	.289	99.473						
20	.039	.155	99.628						
21	.033	.132	99.760						
22	.028	.112	99.872						
23	.023	.090	99.962						
24	.009	.035	99.997						
25	.001	.003	100.000						

Extraction Method: Principal Component Analysis.

The results thus imply that the unorganized retail outlets have locational advantage as compared to the organized outlets but with respect to customer service they need to work more as the customers residing in Ajmer city are likely top be loyal to the unorganized store if the adequate amount of required service is provided to them. Thus the unorganized retail store owners need to strategically think on these aspects of customer service and frame the policies required to do so. Hence the unorganized stores need to upgrade their facilities at war footing to be able to compete with the organized retailers.

V. Conclusion

The unorganized/traditional retail stores and the organized modern formats have certain positive as well as negative aspects that draw or repulse a consumer from buying from them. The major aspects that have come out in this study is that the organized retailer is preferred for their cleanliness, offers, exclusive store brands whereas the unorganized stores are preferred because of their location and some of the offers that are not expected to be offered at the organized stores for example cash credit, etc.

The study is an attempt to reveal the fact that if the unorganized retail store owners strategically think of providing customer service and it matches up the expectations of the customers, the customer will definitely not switch over to the organized formats where he may get all he wants under one roof but the choice of making selection at times is not as per the expectation which a customer gets from the unorganized stores.

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