

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

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5  
6 **Abstract**

7 The paper seeks to understand the importance of customer service as strategy for the  
8 unorganized retailers in Ajmer to compete with the organized  
9 retailers. Design/methodology/approach: A questionnaire was designed for the purpose of data  
10 collection and was sent to 30 unorganized retailers and 30 customers in Ajmer in order to  
11 analyze the role and importance of customer service as competitive advantage for unorganized  
12 retailers. Multivariate statistical technique was used to analyze the data collected. Findings:  
13 Customers expectations of the service of the unorganized retailers is positively related to the  
14 location, trustworthy salespeople, cleanliness etc but with respect to customer service the  
15 organized retail stores have a competitive edge. Research limitations/implications: The  
16 unorganized retail stores have major disadvantages on all customer perceptions except  
17 location. Given the nature of sample a larger sample is needed to determine the factors  
18 influencing the customer service to be taken into consideration for the purpose of creating a  
19 competitive edge over the organized retailers.

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21 **Index terms**— customer service, retailing, strategic planning, competitive advantage.  
22 Introduction n today’s competitive environment, every business looks for opportunities to stand out from the  
23 rest. One of the ways one can differentiate business is by providing superior customer service. Customer service  
24 is more than merely selling skills. While selling skills focus on making or closing the sale, customer service  
25 concentrates on the total relationship you maintain with customers.

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

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

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

46 The challenges of providing consistent hiquality service provides an opportunity for the retailer to develop  
47 sustainable competitive advantage. Small, independent retailers often attempt to develop a strategic advantage  
48 over large, national chains by providing customized customer service. Large chains can use their purchasing  
49 power to buy merchandise at lower prices than small local stores can. But small retailers can overcome this cost  
50 disadvantage by providing better customer service than a large, bureaucratic chain.

51 The aim of this paper is to present customer service as strategy for retailers especially in the unorganized  
52 sector so as to compete with the organized sector. Thus, the objectives of the present study are: 1. To analyze  
53 customer's expectations with respect to the service delivered to them at the unorganized retail stores. 2. To  
54 know the retailers view of using customer service as a strategy to create a competitive edge over the organized  
55 retailers.

56 II.

### 57 1 Literature Review

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

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

73 Most research on customer perception of quality in the service industry has proven that focusing on perceptions  
74 of quality, value and satisfaction in service encounters has positive results for retailers. The retail industry is  
75 unique because it combines a product with service elements into the shopping experience. Often, dissatisfaction  
76 with the retailer has to deal with product dissatisfaction rather than the manufacturer, resulting in more customer  
77 service mishaps with the end user ??McGoldrick, 2001). Karl Albrecht describes customer service as: Quality =  
78 Results -Expectations To deliver positive quality a business must come up with a result beyond their customer  
79 expectations.

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

### 84 2 III.

### 85 3 Research Methodology

86 The study is based on primary data collected from 60 respondents in Ajmer city comprising of 30 unorganized  
87 retailers and 30 customers. Customers usually see what they expect to see and what they expect to see is usually  
88 based on familiarity, past experience, or preconditioned set. In a marketing context, people tend to perceive  
89 products and product attributes according to their expectations (Leon G. Schiffman and Leslie Lazar Kanuk,  
90 1999). Study includes 29 features of retail outlets having due importance for the retailers to rate or analyze  
91 themselves and also for customers to analyze the quality of customer service provided to them.

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

98 IV.

### 99 4 Findings and Analysis

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

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104 matrix and the results for customer's survey showed the approximate chi -square value as 1219.752 at 406 degree  
105 of freedom under the Bartlett's Test of Sphericity which is significant at 0.000 level implying overall significance  
106 of correlation matrix.

107 The Kaiser -Meyer -Olkin measure of Sampling Adequacy was 0.527 for retailers and 0.782 for customers which  
108 is sufficiently large. Thus, factor analysis may be considered appropriate for analyzing the data. Further analysis  
109 was therefore carried out. In the final results, total 7 factors out of 25 from the retailers survey and 8 factors out  
110 of 29 from the customer survey have been extracted. Customers were asked to rate the expectation of customer  
111 service from the unorganized retail stores on five point scale and the owners of the retail stores were asked to  
112 rate their service on the five point scale as well. The results thus imply that the unorganized retail outlets have  
113 locational advantage as compared to the organized outlets but with respect to customer service they need to  
114 work more as the customers residing in Ajmer city are likely to be loyal to the unorganized store if the adequate  
115 amount of required service is provided to them. Thus the unorganized retail store owners need to strategically  
116 think on these aspects of customer service and frame the policies required to do so. Hence the unorganized stores  
117 need to upgrade their facilities at par with the organized retailers.

## 118 **5 Customer survey results**

## 119 **6 KMO and**

120 V.

## 121 **7 Conclusion**

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

127 The study is an attempt to reveal the fact that if the unorganized retail store owners strategically think of  
128 providing customer service and it matches up the expectations of the customers, the customer will definitely not  
129 switch over to the organized formats where he may get all he wants under one roof but the choice of making  
130 selection at times is not as per the expectation which a customer gets from the unorganized stores. <sup>1</sup>

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