

# Enhancing Customer Experience: An Exploratory Study on the Role of Retailer as an Effective Touch-point for Enhancing Customer Experience for Cellular Service Providers

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## ABSTRACT

*The concept of customer experience has been the current area of research for many authors in marketing. Lot of studies have been carried out in this domain by researchers like Johnston and Kong (2011), Pine and Gilmore (1998), Prahlad and Ramaswamy (2004). Their research suggests that customer experience is slowly emerging as a source of competitive advantage for organizations. It suggests that companies will battle amongst themselves for better customer experience. In the Indian economy as well as across the globe the importance of services sector is already recognized. Although services are being offered in various sectors like tourism, airlines, telecom, and other industries but the service experience is different in each of them. The cellular mobile industry in India is undergoing rapid changes as a result of globalization and liberalization. It has now become one of fastest growing and most competitive market in the world. Customer retention is one of the most important challenges faced by telecom companies today. A recent Ericsson end user study shows that almost 40% of subscriber churn can be attributed to perceived poor levels of experience from service providers. In extreme cases, such as in the Indonesian, Malaysian and Sri Lankan markets, nine out of the top ten reasons for churn are related to poor levels of customer experience. Customer experience is defined as the summation of all experiences that a customer has at every touch-point of the customer-company relationship. Retailer is the first touch-point to the customers from cellular service providers. All the companies rely primarily on the Retailers to boost up*

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*their sales or promote their product in the market. The retailer is the touch-point from whom the services of different operators are sought and provided to customers. So this study aims at understanding the role of Retailer as an effective touch-point for enhancing customer experience for cellular service providers, to find out the retailers influence on customer decision making and expectation of customer from the retailer.*

*A qualitative survey was done on a sample size of 428 mobile customers comprising of 261 male and 167 female customers. The sample comprised of students, corporate professionals, businessmen, executives and housewives.*

*Retailer is one of the most important touch-points for Cellular Service Providers in enhancing customer experience. The retailer is an effective tool for a service provider in creating positive customer experiences. Retailers show brand loyalty towards specific brand of service providers and tend to recommend those brands to the customer. The survey also throws light upon the expectations of customer which can help the retailer to create positive customer experiences.*

**Keywords:** *Customer Experience, Retailing, Customer Retention, Customer Decision Making.*

## INTRODUCTION

The cellular mobile industry in India is undergoing rapid changes as a result of globalization and liberalization. It has now become the world's most competitive and fast growth markets. The total telephone subscriber base in India increased to 929.37 Million at the end of May 2012. <sup>1</sup> As a result of the cut throat competition and rapid growth in the telecommunications sector, industry providers must now come up with innovative strategies to attract, satisfy and most importantly retain their valuable customers. Customer retention is one of the most important challenges faced by telecom companies today. A recent Ericsson end-user study <sup>2</sup> shows that almost 40% of subscriber churn can be attributed to perceived poor levels of experience from service providers. In extreme cases, such as in the Indonesian, Malaysian and Sri Lankan markets, nine out of the top ten reasons for churn are related to poor levels of customer experience. Thus, it is essential to develop effective methods to retain the existing customers for any telecom operator which includes two major steps. One is identifying the revenue earning customer and second is to manage their experiences and create value for them.

Customer experience is defined as the summation of all the different experiences of a customer at every touch-point of the customer-company relationship. It is an intentional effort on the part of the company to develop and maintain good experience which is differentiated from the competition, is consistent at every touch point and most importantly valued by the customer. Retailer is the first touch-point to the customers from cellular service providers. All the companies rely primarily on the Retailers to boost up their sales or promote their product in the market. The retailer is the touch-point from whom the services of different operators are sought and provided to customers. So this study aims at understanding the role of Retailer as an effective touch-point for enhancing customer experience for cellular service providers.

## LITERATURE REVIEW

### Customer Experience

Pine and Gilmore (1998, 1999) were amongst some of the early writers to research on the concept of customer experience. One of their observations was on commoditization of services which they felt was the main reason why companies now had to compete on basis of better experience to customers. Research done by Pine and Gilmore, 1998; Prahalad and Ramaswamy, 2004 Johnston and Kong, 2011; clearly reflects the trend of creating a differential advantage by giving better experiences to the customer. However, there is little guidance in practical terms regarding designing of experiences. Shaw and Ivens (2005) have pointed out the fact that companies are now utilizing customer experience as a way to attain sustainable competitive advantages. Pine and Gilmore (1998) feel that this may lead to customer experience becoming the next competitive for companies to battle upon. Customer experience has been defined by Meyer and Schwager (2007) as the response of a customer at any direct or indirect touch point of a company, which may be internal or subjective in nature. Customer experience, as perceived by Zomerdijk and Voss (2009), is a holistic concept which is a combination of the combined aspects of a product/service offering of a company. Zomerdijk and Voss (2010) noted that sometimes Customer experience is perceived as an important aspect for organizations in the business of “entertainment” such as theme parks etc. However, the literature review points out that any product or service either bought or received by a customer will provide an experience to the customer. According to Carbone and Haeckel, (1994)

experience can be good, bad or indifferent. As per the findings of Berry and Carbone (2007); Voss and Zomerdijk (2007) a service encounter can be looked as an opportunity provided for engaging with customer at an emotional level, irrespective of the nature of the product whether it is interesting or mundane in nature. As the literature review suggests, from the work of Carbone and Haeckel (1994) and Bate and Robert (2007); H.M. Government (2007) the main challenge faced by the organizations is how to create customer experiences in order to satisfy the threefold objective of customer satisfaction, employee satisfaction and increase in bottom line growth. The objective of this paper is to address the above challenge. There is a lot of literature available on improvement of service quality especially related to delivery of quality of service to customers. But there is a dearth on literature related to customer experience. Most of the available literature is focussed on nature of the customer experience. Berry (2000); Prahalad and Ramaswamy (2004); Sandström and Edvardsson (2008); de Chernatony (2006). Have discussed about the relationship of service brands and customer experience. In fact de Chernatony (2006) has defined service brands as a combination of both functional as well as emotional values which will create a unique experience of the service brand.. De Chernatony and Segal-Horn (2003) are of the opinion that it is very important for organizations to deliver the brand promise to a customer consistently and through various touchpoints, robust processes and by showcasing customer centric behavior. Clatworthy (2011) is of the opinion that customer experience is nothing but the combination of all experiences that a customer gets at various touchpoints, which leads to the creation of positive or negative perception of value with respect to the service. Fortini-Cambell (2003) have tried to define the concept of multiple touchpoints. They are of the opinion that more complex the service, more will be the number of experiences that a customer may go through. Thus it can be concluded that behavior of people at the various touch-points is crucial element in creating and delivering a positive customer experience. Therefore, it is important for a company to understand the various touch-points and also understand their behaviors related to the brand.

## **RETAILER: AN EFFECTIVE TOUCHPOINT**

In the marketing literature, the advantages of developing mutually beneficial inter-firm relationships between manufacturers and retailers have been well documented (e.g., Ganesan 1994; Murry and Heide 1998). For manufacturers, such relationships are potential sources of competitive

advantage and yield benefits such as better retailer cooperation, stable markets for products, better display and promotional arrangements, and ultimately, greater profitability (Boles, Barksdale, and Johnson 1997; Ganesan 1994; Ishida et al. 2006). More recently, a study of tire shoppers by J.D. Power and Associates (2009) reveals that shoppers expect and follow recommendations from salespeople and concludes that increasing recommendation rate is critical for manufacturers to improve their market shares. Finally, a study of more than 1,200 major electronics retail locations reveals that both brand recommendations (e.g., Samsung, Sony, or Panasonic) and technology platform recommendations (e.g., LCD or plasma televisions) are largely left up to and dictated by the personal choice of retail salespeople rather than governed by store edict or policies (J.D. Power and Associates 2009).

Tseng et al (1999) have reiterated the importance of service sector across the world. Services are available in various verticals of the industry like insurance, banking, tourism, telecommunications etc. They feel that the main differentiator is the service encounters in the above industries. Lovelock (1996) is of the opinion that customer experience is dependent on the service delivery process as well as the service encounters with each customer contact. Bateson (1995) is of the opinion a customer does not buy the service in isolation he actually is buying the experience attached to it. Although the literature on Customer Experience is growing, its main focus lies on theoretical opinion about Customer Experience

Although the importance of developing brand-centric relationships between manufacturers and salespeople of retailers has been advanced in prior research (Webster 2000), no prior study has examined the effectiveness of retailer as an important touch-point for cellular service providers.

Retailer is the first touch-point to the customers from cellular service providers. All the companies rely primarily on the Retailers to boost up their sales or promote their product in the market. The retailer is the touch-point from whom the services of different operators are sought and provided to customers.

## RESEARCH METHODOLOGY

### Research Design

This study aims at understanding the Retailer as an effective touch-point for enhancing customer experience for cellular service providers. For this

Analysis

S. No	Question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Can retailer influence customer decision making?	13%	7%	36%	17%	27%
2	Can Retailer influence brand choice	3%	11%	30%	38%	18%
3	Does the retailer give suggestion to buy a specific SIM/recharge/VAS voucher?	23%	5%	28%	31%	13%
4	Does Retailer's suggestions /sales push, affect customer's decision to buy from a specific brand of Service Provider.	28%	10%	26%	31%	5%
5	Does the customer feel that a particular brand is promoted more at the retailer shop by word of mouth, recommendations, posters, hoardings, etc?	5%	6%	14%	46%	29%
6	Does the customer feel like a valued customer every time he visits a retailer?	8%	4%	36%	45%	7%
7	Provided the customer gets a good service and adequate information from the retailer that meets his expectations, will he visit the retailer again for telecommunication buying needs?	7%	4%	9%	50%	30%

purpose a qualitative research design was used by the researcher for this study.

## RESEARCH QUESTIONS

The following were research questions that the researcher aims at :

1. Can retailer influence customer decision making for Cellular services?
2. Can Retailer influence consumer brand choice with respect to the one cellular service brand over the other?
3. What are the expectations of the customers from the retailers?
4. Do retailers show brand loyalty towards specific cellular service providers?

## PRIMARY RESEARCH AND SAMPLE SIZE:

Primary research was conducted on a sample size of 428 mobile customers in City of Pune, Maharashtra. The respondents were administered a structured questionnaire.

### What are the Important Factors for Customer while Purchasing from a Retailer?

<b>Adequate stock</b>	<b>23%</b>
Added benefits	22%
Information on products	15%
Loyalty benefits	12%
Good behavior	16%
Past relationships	10%
Others	2%

### Expectations of Customer from Retailer

<b>Information expected from Retailer while deciding to buy</b>	<b>Responses in numbers</b>
Tariff plans	104
New offers	63
Billing related information	18
Customer care information	94

Network coverage	80
Value added offerings of the company	57
Others	12
<b>Rate the services of the retailer</b>	<b>Responses in numbers</b>
Very poor	30
Poor	124
Average	162
Very good	93
Excellent	19
<b>Does retailer behavior meet customer expectations</b>	<b>Responses in numbers</b>
Strongly disagree	35
Disagree	134
Neutral	133
Agree	108
Strongly Agree	18

## KEY FINDINGS

Through the survey the researcher learnt that the Retailer is one of the most important touch-points for Cellular Service Providers in enhancing customer experience. He has the power to influence the customer, to push the product in the market or to promote certain brand in the market in an effective manner. Thus the retailer becomes an effective tool for a service provider in creating positive customer experiences. In the survey questions there is a huge chunk of crowd that offers to take a neutral stand on the various questions put up. They can be viewed as an opportunity by the Cellular Service Provider’s as it would be easier to get them onto the agreeable side than those who seem to disagree. The survey also tells us that Retailers show brand loyalty towards specific brand of service providers and tend to recommend those brands to the customer.

This study also throws light upon the expectations of customer from the retailer as well as the factors and customers take into consideration while buying cellular services. These expectations, if fulfilled by the retailer can help to create positive customer experiences. The survey has highlighted some factors that will help create positive experiences:

- Good Behavior with customer
- Providing necessary information (Tariff, promotional Offers etc)
- Providing the correct information
- Valuing the customer as an asset
- Introducing various innovative promotional schemes to foster customer loyalty.

## LIMITATIONS OF THE RESEARCH

The study was restricted to the city of Pune, Maharashtra and did not include other regions

## MANAGERIAL IMPLICATIONS OF THE RESEARCH

Customer decision making involves five basic stages. The below mentioned model has been used as it talks of various stages that customer goes through while purchasing a product or service.

Figure 1: The Consumer Information Processing Model

Source: Adopted from Kotler (1997), Schiffman and Kanuk (1997), and Solomon (1996)

According to the above model, while making a purchase decision, the consumer goes through five stages: Recognition of problem, Search for information, Evaluation and selection of alternatives, Implementing the decision and post purchase evaluation. We can utilize the findings of the survey in the customer purchase decision making stages:

### **Problem Recognition**

The process of buying begins when a customer recognizes a problem or the internal and external stimuli make him aware of his need. The retailer can be an effective touch-point to act as an external stimuli as he can provide information regarding new tariff plans, schemes, and promotional offers related to the service provider brands. Provision of all required and expected information at one retailer shop will help to enhance customer experience. Thus cellular operators can make use of retailer as a touch-point to create positive experience for the customer in this stage.

### Information Search

In this stage the consumer is looking for information on various brands which can satisfy his requirements. The managers can make use of the retailer in providing information related to their brands, such as new tariff plans, schemes, and promotional offers. This will help to create positive experience for the customer.

### Evaluation of Alternatives

In the evaluation stage, the consumer evaluates the brands from the choice set and forms a preference of certain brands over others. Sometimes, in this stage itself, the customer can develop an intention to buy the brand that he prefers the most. The survey findings show that retailer can affect brand choice. So the managers can give attractive margins, gifts or offers to the retailer to motivate him so that he can promote the specific service provider brand. For the customer it becomes confusing to evaluate 13-14 offerings so he will be happy if there is help in evaluation of the available alternatives thus leading to positive experiences.

### Decision Making Stage

While actually deciding to buy, the customer can look at five sub decisions: Brand, Dealer, quantity, timing and payment method. The managers can make use of the retailer as a touch-point in convincing the customer to choose a specific brand over others. Good and polite behavior of the retailer, his information sharing, knowledge about various offers as well as his knowledge and understanding of customer requirements will help the customer in making a final choice from available alternatives.

## SCOPE FOR FUTURE RESEARCH

The above study has stressed on the importance of the retailer as an effective touch-point for cellular providers in enhancing customer experience. Thus the retailer becomes an effective tool for a service provider in creating positive customer experiences. The findings of the study show that retailer has the power to influence the customer, to push the product in the market or to promote certain brand in the market in an effective manner. The study also tells us that Retailers show brand loyalty towards specific brand of service providers and tend to recommend those brands to the customer.

The study throws light upon the expectations of customer from the retailer as well as the factors and customers take into consideration while buying cellular services. These expectations, if fulfilled by the retailer can help to create positive customer experiences

Future research can be done to understand the influence of retailer on customer brand choice while buying prepaid mobile services. A study can be done to understand which factors of customer decision making with respect to prepaid mobile service brand are influenced by the retailer. A study can also be undertaken to find out the effectiveness of the retailer influence specifically in the information stage, evaluation stage and the final decision making stage.

## ENDNOTES

- 1 Highlights of Telecom Subscription data as on 31<sup>st</sup> May 2012. TRAI 4<sup>th</sup> July 2012. Retrieved from <http://www.trai.gov.in/WriteRead-Data/PressRelease/Document/PR-TSD-May 12.pdf>
- 2 Ericsson, Customer Experience Consumer Business Insights. (2012).

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