



Customer-oriented communication in retail and Net Promoter Score



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1. Introduction

Companies spend a great deal of time, effort, and money in recruiting the right type of person, with presentation skills, people skills, drive, self-motivation, and so forth. Then they spend further time and effort in training salespeople about their companies, markets, competition, customers, products, pricing, and so forth. Similarly, Kotler and Keller (2012, p. 582) state that, 'Effective salespeople today have more than instinct, however, companies now spend hundreds of million dollars each year to train them in methods of analysis and customer management and to transform them from passive order takers into active order getters.' The interaction effects of being 'willing' and 'able' are significant in explaining customer-oriented behaviour (Pimpakorn and Patterson, 2010), including the customer-oriented communication of front-line employees. Consequently, interaction here creates the opportunity to successfully offer products and to gain customer satisfaction and loyalty.

Personal selling is the interpersonal process characterized by direct interaction between seller and customer (Abu-ELSamen et al., 2011; Xu, Goedegebuure, 2005). Its main objective is to persuade a customer to buy a product and derive satisfaction (Štěrbová et al., 2015). This process is influenced by the professionalism of salespeople and their expert knowledge and skills. Salespeople are trained in understanding customers, asking questions, active listening, making benefit statements, negotiating, closing, and so forth. Finally, they are motivated to achieve high performance (Churchill et al., 1985; Guenzi, et al., 2014; Vadi and Suuroja, 2006).

This paper deals with customer-oriented communication and its influence on customer satisfaction and customer loyalty in retail. The purpose of this study is to investigate the level of customer-oriented communication and search for its relation to the Net Promoter Score. Mystery shopping is used to gather information about both customer-oriented communication and customer feedback via the Net Promoter Score. The purpose is also to give an understanding of a) how salespeople communicate with customers, b) if they meet recommendation to customer-oriented communication, and c) what could be taken into account in customer-oriented communication in relation to customer loyalty.

This study may contribute in several ways to the literature regarding front-line employees, personal selling, and customer satisfaction

and customer loyalty. First, it operationalizes and empirically assesses customer-oriented communication in the selling process. Second, it assesses the influence of some part of the shopping environment and of customer-oriented communication on customer satisfaction and customer loyalty. Third, it adds to the very limited research on retailing and communication with customers in the Czech Republic.

2. Theoretical background

2.1. Sale, salespeople, personal selling

Sales and marketing are frequently separate functions, especially in larger companies. Sales behaviour affects a product and its market image. Customers perceive differences in communication between them during the sale. Value, service, trust, reliability, and the behaviour of salespeople help create brand image. Communication in personal selling is an important part of sales behaviour and can help any company increase its customer satisfaction level and improve the customer experience (Churchill et al., 1985; Pimpakorn and Patterson, 2010). It is apparent that if customers are satisfied, have trust in salespeople and see value in the provided customer service, they are more likely to come back and repeat purchase in the future (El-Bachir, 2014; Gruca and Rego, 2005; Kim et al., 2004). The existence of individual employees' customer service skills is a major contributor that leads to achievement of customer satisfaction and customer loyalty in service business (Abu-ELSamen et al., 2011) and also in retail.

Traditionally, it is supposed that customer satisfaction is an important factor in the performance and competitiveness of retail shops. Some authors argue that customer loyalty is of greater importance than customer satisfaction (Fraering and Minor, 2013; Belás and Gabčová, 2016), while others (e.g. Khan and Rizwan, 2004) argue that customer satisfaction explains 93% of customer loyalty. In general, there are two approaches to customer satisfaction in literature, expectancy-disconfirmation approach and performance-only approach (Gilbert and Veloutsou, 2006). In this article, we work with performance-only approach. According to our adopted approach, customer satisfaction is defined as "an overall evaluation based on the customer's total purchase and consumption experience with a good or service over time" (Anderson et al., 2004). It seems that there are also two basic approaches how to define customer loyalty, stochastic and determinis-

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tic approach (Odin et al., 2001). The deterministic approach, which we use in our study, addresses customer loyalty as an attitude manifested through customers' preferences, buying intentions, supplier patronization and recommendation willingness.

Belás and Gabčová (2006) found a strong positive correlation between customer satisfaction and customer loyalty in Czech banks. Our study is focused on customer-oriented communication, customer overall satisfaction with the shopping process, and customer loyalty in the retail industry.

The sales person is the medium through which the company and its customers exchange values. Because selling is dependent on a persuasive and believable information exchange, salespeople must be effective communicators. Effective selling assumes that the customer sees salespeople as trustworthy, knowledgeable, and pro-active. Effective salespersons ask questions, listen, and use answers to evaluate the basis upon which a customer will buy. They use appropriate communication and should be able to build trust and partnership. When a salesperson communicates properly with customers and listens to them, the salesperson better understands their needs and can ensure customer satisfaction.

Tracy (1995) argues that the sale process has changed dramatically since the 1970s, and that the new sales model is as follows: 40% building trust, 30% identifying specific needs, 20% presenting solutions to needs, and 10% confirming and closing. Contacts between employees and customers are at centre stage when understanding the nature of a service product (Pimpakorn and Patterson, 2010).

Shop salespersons, sales assistants and shop assistants (these positions are henceforth referred to as employees) work in an area where dynamic changes have occurred, mainly in communication with customers. In the beginning, this change led to a discrepancy between how employees perceived themselves and what customers expected from them. There was an urgent need to change behaviour patterns in the shopping/buying process (cf. Vadi and Suuroja, 2006).

The constant changes have been considerable for culture in society and, obviously, need to be reflected in the area of trade and services. Customer service and communication with customers became more important than before (Beneke et al., 2012; Jankal and Jankalova, 2011; Parment, 2013).

This probably unrepeatable situation has not been adequately described. We can find only a few studies that partly explain this phenomenon. For example, Engle (1998) explains how difficult it was to recruit and retain new sale representatives in Central and Eastern Europe. Vadi and Suuroja (2006) describe this issue only theoretically and present the Model of Customer-Oriented Communication.

Mystery shopping technique can be used to assess how employees interact with customers and to identify areas for future employee training. MS studies have been conducted especially in these areas: quality assessment in financial services (Djordjic, 2011; Tarantola et al., 2012), in restaurant business and tourism industry (Chen and Barrows, 2015a; 2015b; Minghetti and Celotto, 2013) in retail (Gosselt et al., 2007; Janka and Jankalova, 2011; Kehagias et al., 2011). Some studies also develop methodology of MS (Finn and Kayandé, 1999; Ford et al., 2011; Kanto and Pihlajamaa, 2013; Kehagias et al., 2011; Wilson, 1998a,b; Wilson, 2001).

In the Czech Republic, Staňková and Vaculíková (2007) described the possibility of using mystery shopping for improvement of trade and services only theoretically. In 2014, Eger and Mičík (2015) conducted their first research focused on personal selling. Research proved that in recent years there had been a number of positive changes in sales. It also confirmed that in certain areas communication with customers was better in smaller shops than in larger ones. That research survey was a pilot study for the present research.

A new research study focusing on quality inspection and on personal selling in telecommunication services in Slovakia was conducted by Štebrová et al. (2015). In it, the standardized sales conversation scheme was divided into four parts (i.e. introduction,

identifications of needs, offer, and conclusion). Above mentioned MS sources were also an inspiration for innovation in our research. On the basis of these relevant sources we developed items of our scenario.

New scenario and new research tool were validated by three experts from three retail industries and planned research was again piloted to assess to clarity and relevance of the questionnaire items (cf. Kehagias et al., 2011). Process of scale construction was similar to Dew and Xiao (2011) approach.

2.2. Frontline employees and communication with customers

Delivering quality customer service is essential to sustain any kind of business (Chen and Barrows, 2015a; 2015b). Some studies show that up to 70% of organizations are losing customers due to poor customer service, and just less than 15% due to poor quality of the product (e.g. Michelson Associates, 2015).

Good relations with customers depend on two-way communication and excellent customer service, which can gain loyal customers who are willing to refer service to other people who are possible future customers (Amos et al., 2014; Kotler and Keller, 2012; Parment, 2013). On the other hand, conflicts with customers can bring problems for business. Customer–employee interaction is a very important part of the service standards that organizations need to create, develop, maintain, and evaluate.

Organizations need to identify key areas of conversation with customers and they must consistently check customers' needs, wants and the process of purchasing, including customer-oriented communication. Employees and customers influence each other by their interactions within the service place – retail. Their communication is also influenced by retail store interior, cleanliness and overall shop attractiveness (including staff appearance) that create preconditions for positive customer-oriented communication (Eger and Mičík, 2015; El-Bachir, 2014). For this reason we also pay attention to mentioned preconditions in the research focused on customer-oriented communication and its influence on customer satisfaction and customer loyalty in retail.

Various terms have been used in the marketing literature to reflect employee behaviour in the sales process. Some studies emphasize the employee's point of view, and such studies usually collect data through questioning or interviews. These studies usually ignore the customer's point of view and focus on employee engagement, self-efficacy, or the service climate (El-Adly and Eid, 2016; Pimpakorn and Patterson, 2010). To obtain more objective assessments from the customer's point of view, not the employee's, but skilled customers (mystery shoppers) evaluate the sales process. In this study, their overall view of the shopping process is crucial. Our study also answers an ultimate question regarding loyalty represented by the NPS indicator. This indicator is used in our research as customer's cumulative statement of their loyalty (cf. deterministic approach to customer loyalty above), because companies with satisfied customers tend to enjoy greater customer loyalty that leads to a positive word of mouth (Luo and Bhattacharya, 2006; Xu and Goedegebuure, 2005).

Before conducting our research, we formulated the following hypotheses:

- H1:** more than 90% of surveyed shops are clean and well organized.
- H2:** cleanliness, shop design, and shop attractiveness have a positive influence on the overall customer impression of shopping.
- H3:** asking questions about customers' needs and offering product benefits to customers will exert a positive influence on overall customer satisfaction with shopping.
- H4:** employees' listening and answering to customers will be positively associated with customers' expression of overall customer satisfaction.
- H5:** employees' knowledge of products and their responding to customers will be positively associated with customers' expression of

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