

# Customer Delight: An Effective Weapon at Retailers to Fight Against Global Recession

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## ABSTRACT

*During this crucial period of global recession it is very essential for all businesses to maintain their loyal customers and save cost of new customer creation. The purpose of this study was to examine customer delight in a retail-shopping context. Specifically, the research was conducted to determine the sources of delightful shopping experiences for retail shoppers. Critical incident analysis of 200 depth interviews with shoppers revealed several factors associated with delightful shopping experiences. Interviews with 25 retail outlet staff and owners revealed some interesting facts about the awareness and practices in the direction of customer delight. The first section of the paper addresses the importance of customer delight especially on the background of global recession, and in second section the analysis of survey results and a number of strategic implications and suggestions are discussed. It is found that store attributes such as quality of merchandise, cooperative sales staff, surprise gifts, discounts, availability of rare product delights the customer. Further limitations and directions for future research are also addressed.*

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## Introduction

There is a very interesting retail shopping incident that happened in one shopping mall of China. One customer entered into the shopping arcade of wooden furniture. He roamed around in arcade and selected an antique study table with price tag 110 Yuan and reached to billing counter for payments. While preparing bill the operator identified that the price was wrongly labeled as 110 Yuan instead of 1100 Yuan. When customer was informed about this mistake he entered into argument and demanded that table for labeled price. Immediately the manager of the arcade was called. After listening the complete story manager allowed the customer to take away that table for 110 Yuan. That customer was very much delighted. What would have been his further reaction? Can you guess? It was **Wow**; certainly it was wowing shopping experience for him. The consequence of this incidence was certain. That customer became not only loyal customer but he narrated that incidence to another hundreds of people.

Another incidence with Paula Courtney can be refereed here; she found "wow" when she took her daughter to the employee washroom at her local grocery store. A sign by the door instructed workers to remain physically by the side of any customer experiencing a problem until that problem was resolved. Later, when Courtney was in the checkout line, the cashier noticed Courtney's

blueberries were squishy. The cashier insisted on walking back to the produce section to find a fresh box. That was again a "wow" shopping experience.

From these incidences it is proved that following the concept of customer delight, results into Win-Win situation where not only customers are extremely satisfied but retailers also enjoy handsome results in terms of gained customer loyalty. Especially in retail context delighting customers is very essential as customer is the very important factor of business. Therefore the author stress upon the delighting the customers in this tough time of global recession.

The current global recession challenges almost all business for sustenance. Lots of solutions have been thought and implemented to fight against this recession. In this paper Author discuss how the focus on customer loyalty can be one of the effective remedy to conquer this problem of global recession. Marketing analysts report that the cost to acquire a new customer is 5-10 times greater than the cost of retaining an existing customer. Research at Bain & Company shows how customer loyalty directly increases profitability. By holding on to their most attractive customers, firms can reduce the spending on acquiring new ones. In industries like financial services, a 5% increase in customer retention can translate into more than a 75% increase in operating profits. This proves that in this tough time where profits are shrinking

business can sustain by curtailing down on expenses of new customer creation. **A Focus on customer loyalty can Recession-Proof any business.** This paper mainly focuses the customer delight in retail context. During a recession, retailers really need to identify their most profitable customers, and then find ways to improve the customer experience and increase business with those delighted customers. Beyond customer satisfaction is all about the “Wow!” factor. It’s “wowing” your customers! And the “wow” is always positive and memorable - and it’s the only outcome that makes a difference in terms of business results even in this global recession.

In retail set up wherein the competition is intensive, just satisfying customers is not enough - it never has been. Many retail stores experienced that their customer satisfaction index is good but their rate of churn or defection is increasing as well. How can this be? Why do customers who appear to be satisfied, or tell us they’re satisfied, defect to the competition?

In **Human Sigma** published by Gallop Press, John Fleming and Jim Asplund present the results of several fascinating studies that illuminate customer behaviour. They have analyzed customer satisfaction ratings and found that those customers who are *extremely satisfied* can be classified into two distinct groups - **rationally satisfied and emotionally satisfied**. They report that the

rationally satisfied customers, although extremely satisfied, lack a strong emotional attachment to the company. And just as we might all predict, *emotionally satisfied* customers outperform *rationally satisfied* customers on all dimensions - average spend, frequency, loyalty, rate of defection, etc. One of the most fascinating findings however, is that, **rationally satisfied customers behave no differently than dissatisfied customers!** Retailers need to focus on such rationally satisfied customers and convert them into emotionally satisfied customers as it is easier than to create a new customer.

### Customer delight

The recipe for good customer service is very similar to that for a good torte, cake or cookie. It is one that results in something that the person using the goods, products or services enjoys during the event and tells nice stories about after the event is over. This may be defined as a “Delightful Experience”.

### Customer loyalty

The term customer loyalty is used to describe the behavior of repeat customers, as well as those that offer good ratings, reviews, or testimonials. The ultimate goal of customer loyalty programs is happy customers who will return to purchase again and persuade others to use that company’s products or services. This equates to profitability,

as well as happy stakeholders. Retailers should be keen to produce wowing shopping experience for their customer. Retailers are rewarded when shoppers tell others about their experience. "Peoples' expectations are pretty high. It's easy to fall short of those expectations, and hard to eclipse bad experiences, even with something that's over-the-top

"A wow is a surprise of an elevated magnitude. Customers have become so saturated with traditional advertising and marketing campaigns that they have built up immunity. In today's economic climate, retailers have to reach their customers on a gut level. And the only way to do that is to wow them.

Author wants to discuss here one example of REI store in Seattle. REI installed a 65-foot climbing wall inside its store to bring the climbing experience directly to its shoppers. "It is important to give shoppers the experience they most want; right then and there.

Retailers can gift some memorable experiences to the forefront of customers' minds. As an example, in Natural History Museum of Los Angeles County, where authentic-looking dinosaur puppets roam the corridors, simultaneously startling and delighting visitors. Video footage aired during the presentation showed the reactions of museum goers as they stood face-to-face with a seemingly

live Tyrannosaurus Rex., a roar can be heard backstage.

Retailers should strive for giving delightful shopping experiences to their shoppers. If customer is getting this kind of shopping experience he or she would hardly think of defecting from that retail shop; and the very same point the authors want to stress in this paper. To supplement this with some empirical finding a small survey was conducted in city of Sholapur, a prospective Tier II city in western Maharashtra. The retailers in metro cities are already aware and convinced for customer delight and they are practicing it to some extent. But in city like Solapur, this idea has to get sufficient ground. The survey mainly aims to find out wowing experience of the customers in tier II cities. This is mainly because; the ways to delight customers differs from city to city, gender to gender, age to age.

### **Objective of the study**

The purpose of this study was to examine customer delight in a retail-shopping context. Specifically, the research was conducted to determine the sources of delightful shopping experiences for retail shoppers. In fact in the context of global recession the importance of customer delight emerges out more intensity. Therefore author wanted to study, to what extent the customer delight policies

executed by retailers work out successfully to fight against global recession. At the same time this study was also carried with an objective of measuring the profit hike due to successful execution of customer delight operations.

### **Research Methodology**

The primary data was collected from 200 customers, those who are regularly visiting the supermarket and shopping malls. The empirical survey of 25 retailers was conducted to assess the awareness level of customer delight practices. On the spot sampling method was selected to get the sample from the population. The data collected is statistically tested thereafter. The secondary data was collected from internet and the different volumes of 'Journal of Retailing'. The data of last five years promotion expenses from all 25 retailers were also taken which is then compared with respective year customer delight expenses to reach the conclusion.

Following finding were reported from the research study titled "A Study of Great Retail Shopping Experiences in Solapur," It points to 4 major categories that contribute to a great shopping experience.

It is found that in Solapur city 26% of shoppers have had extraordinary — or wow — retail experiences in the past six months. But in most of the cases it was because retailer had delivered 5-

7 different elements of the shopping experience simultaneously. The list of identified elements that could wow the customers is given below in tables 1 to 4.

Research study identified five major areas that contribute to a great shopping experience:

- **Service from Sales staff** : The degree of engagement of sales staff during and after shopping is found to be an important factor of great shopping experience. 22% Customer rated 'Being Polite with the customers' had enriched their shopping experience. 20% customers responded that 'Genuinely caring and interested in helping, acknowledging and listening', had delighted them during their shopping.
- **Excellence in Execution of customer delight program**: Proper execution of customer delight programs is equally essential for creating wow shopping experience. Within that the actions like patiently explaining and advising, checking stock, helping to find products, having product knowledge and providing unexpected product quality are tested. It is found that out of all above elements 22% shoppers got delighted by the treatment given by sales staff while explaining and advising for product selection.

- **Understanding and caring customers:** Speeding the shopping process is another important trait of a great retailer, according to the survey helping customers complete their shopping quickly, and being sensitive to time and check-out lines — are rated as “very important” by half of those who encountered each during the shopping experience they cited as “great.” The approach of retail outlet staff of being sensitive to customers’ time on long check-out lines, being proactive in understanding customer problems and queries. Helping to speed the shopping process proved to be one of the best key to enter into customers’ mind. Out of 200 customers interviewed 21% are repeating the purchase from one particular retail outlet just because the sales staff are very caring about their time and requirements and can identify and understand their exact problem and help according.
- **Complaint redressal mechanism:** The ability of a retailer to resolve a problem once it crops up is another key factor in determining whether a shopper will have a great experience. One in 10 respondents mention that a store representative stayed with them until their problem was resolved. Fewer than one in 10 said they were compensated for a store error, or that a store representative broke company policy to resolve a problem

or automatically offered a product upgrade. The experience of having efficient complaint redressal mechanism about any retail store leaves a very positive impression on customers mind. A customer who has some complaint and is totally dissatisfied due to it can become the most loyal customer if his complaint is attended and solved to his fullest satisfaction. The very first incident narrated in this paper advocate the same approach. 26 % respondents voted for the element of ‘Helping to resolve and compensate for problems’ and ‘Upgrading quality and ensuring complete satisfaction’ as the element of customer delight. It is important for retailers to have a clear, simple problem resolution process. The fact about problem resolution is to own the problem and not pass it off.

After a pilot survey of 25 customers, 17 factors that contribute to customer delight were identified and classified in respective category. The 200 respondents in main survey were requested to rate their first five options from the list of 17 attributes of different categories, which can delight them most.

**Table 1: Table showing the rating by respondents about store features which delighted them so far**

Store feature \ Rank	1	2	3	4	5
AC Quality	7	19	46	11	13
Quality of merchandise	43	18	9	4	7
Music inside the store	3	6	24	21	19
Room fresher fragrance	4	3	28	17	27
Colour scheme and paintings on the wall	11	26	9	4	6

**The summerised rank order is calculated as follows:**

AC Quality:  $(7*1)+(19*2)+(46*3)+(11*4)+(13*5)= 292$

Quality of merchandise:  $(43*1)+(18*2)+ (9*3)+(4*4)+(7*5)= 157$

Music inside the store:  $(3*1)+(6*2)+ (24*3)+(21*4)+(19*5)= 266$

Room fresher fragrance:  $(4*1)+(3*2)+ (28*3)+(17*4)+(27*5)= 297$

Colour scheme and paintings on the wall:  $(11*6)+(26*2)+ (9*3)+(4*4)+(6*5)= 191$

**Interpretation:** It is concluded that the attractive and well designed merchandise and colour scheme and painting on the walls delight the customer.

**Table 2: Table showing the rating by respondents about service related aspects which delighted them so far.**

Service attributes \ Rank	1	2	3	4	5
Prompt response to the query	19	24	38	14	9
Free billing counters	13	19	24	13	11
Efficient complaint redressal mechanism	18	21	13	7	4
Cooperative sales staff	20	17	10	8	6
Kids garden	15	17	16	24	18
Snack and chat point	12	20	17	11	7

The summarised rank order is calculated as follows:

Prompt response to the query:  $(19*1)+(24*2)+(38*3)+(14*4)+(9*5)= 282$

Free billing counters:  $(13*1)+(19*2)+ (24*3)+(13*4)+(11*5)= 230$

Efficient complaint redressal mechanism:  $(18*1)+(21*2)+ (13*3)+(7*4)+(4*5)= 147$

Cooperative sales staff:  $(20*1)+(17*2)+ (10*3)+(8*4)+(6*5)= 138$

Kids Garden:  $(15*1)+(17*2)+ (16*3)+(24*4)+(18*5)= 233$

Snack and chat point  $(12*1)+(20*2)+ (17*3)+(11*4)+(7*5)= 182$

**Interpretation:** It is concluded that the efficient complaint redressal mechanism and high degree of cooperative sales staff have delighted the customer.

**Table 3: Table showing the rating by respondents about discount Schemes which delighted them so far.**

Discount Schemes \ Rank	1	2	3	4	5
Heavy discount for some period ( Week or 3 days)	25	19	13	7	11
Surprise free gifts/discount	29	14	12	8	5
Discount Coupons	21	23	19	15	17

**The summerised rank order is calculated as follows:**

Heavy discount for some period (Week or 3 days):

$(25*1)+(19*2)+(13*3)+(7*4)+(11*5)= 185$

Surprise free gifts/discount:  $(29*1) + (14*2)+ (12*3)+(8*4)+(5*5)= 150$

Discount Coupons:  $(21*1) + (23*2) + (19*3) + (15*4)+(17*5)= 264$

**Interpretation:** As far delighting is concerned it is observed that only surprise gift or discount can make the shoppers to wow their shopping experience. In other two cases they are informed about their saving well in advance.



**Table 4: Table showing the rating by respondents about product related attributes which delighted them so far.**

Store Feature \ Rank	1	2	3	4	5
Wide product range	13	15	8	9	11
Availability of rare product	15	17	6	8	9
Availability of newly launched product	12	19	26	10	8

The summerised rank order is calculated as follows:

Wide product range:  $(13*1) + (15*2) + (8*3) + (9*4) + (11*5) = 158$

Availability of rare product:  $(15*1) + (17*2) + (6*3) + (8*4) + (9*5) = 144$

Availability of newly launched product:  $(12*1) + (19*2) + (26*3) + (10*4) + (8*5) = 208$

**Interpretation:** it is concluded that customers get delighted when they get rarely available product in any retail store. Sometimes the availability of wide range of product can also delight the rational category of customers.

The research also indicates that the components of a great retail experience vary somewhat by the age, gender and nationality of shoppers. Younger consumers, aged 18 to 30, were most likely to recall having a great shopping experience. Those over age 50 were more likely to mention store representatives who seemed genuine and caring. They also liked being acknowledged and treated courteously. Author identified that younger shoppers' retail experiences are colored by greater comfort with multitasking and familiarity with the Internet, making them more transaction-oriented than relationship-oriented and less tied to brick-and-mortar stores.

To identify the role of customer delight operations in the process of customer retention, the comparative analysis of average promotion expenses to attract 100 customer and the average customer delight operation expenses for retaining same number of customer is made. For this purpose the data of last five years was collected from 25 retail stores. The analysis is summerised in Table 5.

**Table 5: Comparison of customer creation expenses and customer retention expenses**

Category of retail store	Average promotional expenses to attract 100 customer of last 5 years (Rs./ annum)	Average expenses for customer delight operations in 5 years (Rs./ annum)	Customer creation / customer retention ratio
Discount store	33550	26800	1.25:1
Departmental store	54600	52000	1.05:1
Supermarkets	89500	55000	1.63:1
Hypermarket	155000	94500	1.64:1

From above table, it is clear that the ratio of customer creation to customer retention equivalent to 2. this proves that statement that ' It is wise to retain your customer than to create new customer'.

## Suggestions

On the basis of finding and observations obtained during survey, researcher made following suggestions for the retailers.

1. Anticipate the expectations of customer and act
2. Provide the goods and/or services to the customers in a manner that is enjoyable. Overcompensate your behavior.
3. Be sure that the customer perceives value from the experience?
4. During the process, make sure that the customer feels important and cared for? Don't "hover over them" and don't ignore them as well.
5. Study their actions, facial expressions, tone of voice, hand gestures and analyze what your interaction should be.
6. Ask them if they would like some more of this or another product or service.
7. When completed, ask them how they enjoyed the experience.
8. Analyze their answer and "brainstorm" how to make it better the next time. Everything can be made better. Think hard!

Following are few creative suggestions suggested by shoppers during interview.

- 1) Small water fountain inside the retail outlet that can give pleasant and cooling experience simultaneously.

- 2) Balling alley for the men and kids who are accompanying and do not actively participate in actual shopping.
- 3) Vending machine for tea/coffee/water
- 4) Sufficient sitting arrangement inside the outlet for aged customers and kids.

## Conclusion

In the current recessionary climate, price is important to consumers, but the factor of wow shopping experience can bring revolution in the retail business. The focus on customer loyalty can definitely recession proof the retail business, because retailers directly serve the end users and delighting them would definitely pay exponentially. Retailers can try out combinations of different attributes that can delight their customer in long run.

## Limitations and Directions for Future Research

The research mainly focuses on the attributes that can produce wow shopping experience. The finding and suggestions will help the retailers to chalk out their customer loyalty program and thereby enjoy the business profit through delighted customers. But this study does not discuss the various attributes that can delight different genders differently. Other demographic factors such as income of customer, age of customer,

education level of customer, and overall lifestyle of customer plays very important role while deciding the options to delight them. This research does not throw any light on this aspect. Therefore further research can be undertaken to study how several demographic factors can decide the degree of customer delight in retail context.

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