

**Strategies for Possible Improvement in Customer  
Service in Full Service Retail Groceries**

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## **Abstract**

This paper will present the data regarding the relationships between customer satisfaction and customer loyalty. By discussing how to achieve customer satisfaction through customer service, this paper also proves that customer satisfaction is one way of creating a solid market base. Presentation of interviews conducted and the analysis of the data gathered will also be included in order to illustrate how managers of different grocery stores view the importance of customer satisfaction in the success of their stores.

The paper will be divided into three main sections. First, the rationale behind the study will be presented. This section will include the introduction, statement of the problem, objectives of the study and hypotheses. The second part of the research includes a literature review, data from field research and data analysis. The third section presents different recommendations based on the results of the data analysis.

## Introduction

There are three basic things that people need in order to survive – food, clothes and shelter. The process of meeting these needs has evolved in relation to the evolution of man. Studies show that people were once hunters and gatherers, an answer to their need to constantly nourish themselves. Before, people relied heavily on what nature had to offer. Fruits and animal meat have been part of early man's staple diet. Through the years, as people managed to set up settlements, developed agriculture begin domesticating animals and starting trade, they have turned to the exchange of goods rather than hunting and gathering foods for themselves. Public markets began shaping the retail food industry.

In the case of the United States, from the nation's early history, the presence of general stores was evident and they dominated the retail industry, while the public markets still dominated the retail food industry. But, it is a fact that the first groceries were the general stores (Encyclopedia of Chicago, 2004). In the seventeenth century, American settlements were still not big enough for storekeepers to focus on specific items. Some storekeepers managed both wholesale and retail, but there was a growth in retail trade in order to serve the growing populations of cities. By the eighteenth century grocery stores were more common. Some stores eventually dealt with specialty products such as chocolates, sugar, tea, olive oil etc. These stores served the upper classes which were demanding specialty items and could afford to buy in bulk and

quality. But there were still those who served the general public. An example of this type of 'store' was the marketplace which was open for everyone. While these stores remained as general stores, others developed business relationships with plantation owners. These stores accepted crops for trade and sold processed goods at lower prices. The difference among grocery storekeepers and general stores such as engaging in wholesale and retail trade developed distinction in regional grocery trade. Eastern cities like Boston and New York dealt with both wholesale and retail. South Carolina and Charleston storekeepers regulated their goods to imported groceries and hardware products. In the South, the presence of the factorage system prevented wholesale trade. With the growth of the population, came the growth of competition within the retail industry resulting in lower retail prices (Mayo, 1993).

One of the reasons behind the proliferation of groceries and public markets can be attributed to the introduction of money as a means of exchange, thus making the evolution of the grocery dependent on American economy changes as well as settlement patterns of the American people. Along with these changes, the nature of grocery stores also changed. Mass production of food products affected the grocery trade tremendously since sellers would no longer have to depend on local and regional food supplies. During this time, the management of a store was solely carried out by the store keepers. Their job included serving the customers' needs on top of keeping an eye on wholesales and barter trade.

Today definitions of these types of stores are as varied as the products being offered, such definitions include corner store or the supermarket. Over the years, the existence of grocery stores has become imbedded in the lives and culture of the American society. Groceries have become more than just stores to pick up household items. Some groceries have become a town's central establishment where members of the community get the chance to meet new friends or catch up with old ones. The space that is called a grocery has been transformed into more than just a store. In a way, local groceries became an extension of the people's personal spaces. The familiarities of these local stores add to the charm that lures customers inside to sample the goods the stores are offering.

The convenience that grocery stores offer to the general public can also be considered as one of the stores' positive attributes. Being able to buy all of the things needed in just one stop makes retail stores an attraction for the consumers. The concept of convenience is not the only focus of grocery. To be able to compete, grocery stores must be able to find ways of maintaining their customer base before tackling the task of attracting new ones. In order to do this, most store managers use the concept of customer satisfaction as the basis of implementing store policy. Providing a total shopping experience is seen as one way of pleasing the customers. This process involves offering varied products and services that will be valuable to the consumers. In recent years, the implementation of total shopping philosophy also includes improvement of employee-customer interaction. In other words, more and more stores are

exerting efforts to become a customer focused business. Prioritizing customer welfare alongside profit can be difficult, but once mastered, can translate to increased patronage and ultimately increased sales.

The relationship between customer satisfaction and an increase in sales must be made clear so that formulating store improvements can be based on what is more beneficial for the grocery and the customer. This approach will help eliminate unnecessary steps taken leading to more efficient time management. By conducting this research study, there will be more information to base the formulation of regulation for the improvement of customer satisfaction in a grocery store setting.

The following sections of this research paper will elaborate on the concepts mentioned above, 1) such as total shopping experience, 2) customer retention, 3) and employee-customer interaction focusing on customer satisfaction.

## **Statement of the Problem**

Customer retention is one of the goals of every business. Customer retention can be tied with customer satisfaction. Therefore, it must be recognized that there is a need to improve customer interaction in order to provide the customer with a total experience. Improvements can translate into customers returning to the store because the store has been able to meet their needs.

Even though the business community recognizes the importance of satisfied customers as essential success, studies regarding the exact role that customer satisfaction plays are still unknown. Consequently, the need to conduct a study that will pinpoint the effects of customer satisfaction is essential. First, a correlation between customer satisfaction and increased sales must be established. Therefore, the primary objective of this study is to provide proof that customer satisfaction translates to profitability. In doing so, the need to provide recommendations to improve customer satisfaction can be justified. In light of this, this paper will be answering the following questions:

1. Is there a relationship between high customer satisfaction and increased in sales?
2. Is it important to include action plans for improving customer satisfaction in managerial strategic planning?
3. How can customer satisfaction surveys be used as a guide to draft more effective actions for increasing customer satisfaction?
4. What are the roles that managers and employees play in increasing customer satisfaction?
5. How can an increase in customer satisfaction be achieved in a food retail store setting?



By answering the above questions, the study will be able to meet the objectives and evaluate the hypotheses that will be presented.

### **Objectives of the Study**

It has been stated that even though the business community, especially the retail food industry, recognizes the role that customer satisfaction plays in the success of a grocery store, there is still a lack of study in this area:

1. To be able to illustrate the link between customer satisfaction and an increase in sales.
2. To be present substantial information regarding the importance of customer satisfaction and the need for effective plans in increasing customer satisfaction.
3. To make recommendations on how to improve customer satisfaction in a retail store environment.

### **Hypotheses**

One of the objectives of this research is to be able to verify or refute the following:

**Hypothesis 1:** Customer Satisfaction and Customer Retention are interrelated.

**Hypothesis 2:** Customer Satisfaction relies heavily on delivering the total customer experience.

**Hypothesis 3:** The presence of managerial customer satisfaction plans will result in higher profit.

These hypotheses served as the researcher's guide throughout the research paper. They have provided key words that were used in gathering information and data analysis.

## Literature Review

When there is a surge in a nation's economy, there is bound to be an increase in demand for food and beverages. That is why in developed countries, food and beverage industries are considered the largest. One such example is the United States, according to the US Department of Commerce (2002), 30 percent of all retail expenditures are from retail and food service stores. Furthermore, 17 percent of the sum of retail operation revenues was from grocery stores. Out of all the workers in the retail industry, 18 percent were employed by groceries. These figures were based on the 1997 industrial census. Given the demand for food and beverages, it is inevitable that competition will be great. At this point, the need to meet the market's demands and satisfying the customers' needs became a crucial part of survival.

The food retailing industry in particular, has its own set of traits pertaining to customer satisfaction that make it unique. Offering varied products and services, in contrast with specialization of other industries, is one of these traits. Another trait is the rate and frequency of customer traffic. Grocery stores came in second to convenience stores when it came to customer traffic with a two times per week per person ratio (Progressive Grocer, 2001). This trait tied with the tightening competition among groceries means that there is also elasticity in repurchase objectives, given that all food retail store offer much of the same products and services.

The contribution of customer satisfaction in a successful business strategy is evident, but the precise role that customer satisfaction plays, its management and whether the increase of customer satisfaction leads to higher profit for the business is still vague. Despite this, there is growth in the utilization of customer satisfaction surveys. Customer satisfaction surveys are being conducted to monitor specific store traits and customer satisfaction trends. The use of these surveys should not be limited to just the mentioned purposes. Customer satisfaction surveys must be conducted in order to aid the managers in making actions plans to improve customer interaction that will ultimately increase customer satisfaction (Gomez, 2003).

It is also believed that a customer base that is satisfied with the way the store conducts business can be the most important source of sustainable competitive advantage for the business (Sriram et al., 1992). This also means that a satisfied customer base is an asset to the business. Therefore, the need to recognize the importance of customer satisfaction within the early stages of business operation is crucial. Developing relationships with customers during the early stages of operation means that early on, business will have the security of depending on the customers during tough times.

## **Link between Customer Satisfaction, Customer Retention and Increase in Sales**

First, the relationship between customer satisfaction and customer retention must be established. There are different views on this topic. Some researchers believe that customer satisfaction leads to customers who will keep coming back to the same store despite the growing number of available grocery stores. This results from the customers' experience when they were conducting business with that particular store. The researchers believe that the presence of customers who are willing to spend a little more or drive a little further just to be able to shop at their preferred store confirms that customer experience, in this case customer satisfaction, can help grocery stores in increasing their profit. In fact, a number of companies are so convinced that power of customer satisfaction together with other key factors such as revenue and profit is beneficial, that they use it to measure their stores' overall performance. This view of customer satisfaction brings about the concept that business must include customer satisfaction programs in their budget allocation. An example of this practice can be observed in Sears Roebuck & Co. Other retail stores go as far as to use customer satisfaction rating as a measure for employee compensation. Employees and executives are being rewarded based on the feedback that the store gets from its customers. Businesses do this in order to foster a culture of delivering top-quality customer service that will improve financial performance. This statement simply means that businesses believe that

the more satisfied the customers are, the more profit the store will make. They place emphasis on the fact that it is costly to attract customers but even more expensive to lose them (Kiska, 2004). According to Bain and Co. (as cited in Bashkaran, 2005), the cost of gaining new customers is 6-7 times more expensive than retaining "old" customers. Also, a 5 percent increase in customer retention can also increase profit by 25-95 percent. However, the average American company loses 50 percent of its customers every 5 years. This, to a certain degree, shows that there is an indirect relation between customer satisfaction and an increase in sales through increased customer retention.

On the other hand, other researchers are more skeptical, they believe that customer satisfaction does not always translate to customer loyalty or retention. According to two Harvard researchers, Jones and Sasser, customer satisfaction resulted in varying levels of loyalty; this affects the customers' disposition towards patronage. This reveals that customer satisfaction does not always create loyal customers because even satisfied customers have a tendency to change stores. This change by the customers can be justified by the level of satisfaction that they will get from another store. Therefore, the focus of customer satisfaction must be aimed at providing the highest value bundle to the customers in order to ensure the highest level of customer satisfaction is researched (John, 2003, p. 7).

Even though the two examples provide different views regarding the relation of customer satisfaction and customer retention, it is evident that customer satisfaction affects customer retention, and customer retention results

in increased profit since customer retention lessens the turnover rates (Reichheld and Sasser, 1990). The only variations between the two articles deals with how customer satisfaction affects customer retention. The first example stated that customer satisfaction automatically results in customer retention while the second views that customer retention is dependent on the degree of satisfaction that the customers get.

### **How are customers satisfied?**

According to John (2003), customer satisfaction can be achieved by businesses if they are customer focused. Being customer focused means that the business is interested in understanding their customers and their endeavors, as well as their interests and perception of the value of the products and services that the business is offering. This interest should not diminish with the passing of time; it must be embedded in the business' culture. Once this is achieved, ensuring profit while serving customers will be a lot easier to balance. Serving the customer means that the business is actually considering what the customers need. Customer focused groceries will usually include products and services developed with the thought of providing total value to the customer in mind.

The question of customer satisfaction can also be answered by looking at the employee-customer relationship that is forged within grocery walls. Employee-customer interactions also play a crucial role in delivering the total shopping experience to the customers. The manner in which the grocery

employees interact with the customers can result in customer retention or the lack of it. This interaction can be a powerful stimulant on the part of the customers. It can attract or repel them from doing business with the same store. Stories of people patronizing the same grocery for the duration of their lives are not a legend. There are people who are so attracted to the customer experience provided by a store that the thought of buying from another store is completely out of the question. One such example comes from the way local store owners treat their regular customers. Small town store owners often treat their customers as friends rather than customers. This means that they put the interest of the customer first before their own gain. This attitude gained them the respect of the community. Consequently resulting in the consumer base's perception that the quality of the products and service being offered by the store is top-notch. After all, customers are more likely to buy from a friend rather than from a salesman. Yet this attitude must also be backed-up with solid proof of great product. Otherwise, the perception of the consumers will be shattered.

Developing and nurturing a lasting relationship with the customers is also viewed as one of the keys towards delivering customer satisfaction that affects sales. According to Jackson (1985), there are two extreme types of customer relationships. The first one is called "always-a-share relationship". This type of relationship is characterized by accommodating and detached transactions. This relationship also views the customers as replaceable. The second types of extreme relationships are called "lost-for-good relationships". This type of relationship relies on the benefits of the products carried by the store to the



customers; this is the only reason why the customer patronizes the store. Given this, if the customer sees that the products are no longer beneficial to them there will be no reason to continue patronizing the store. It is also important that store managers learn to recognize customers whom relationships must be built and maintained, and customers whom relationships should be discontinued. This step will allow stores to maintain its status quo.

### **Measuring Customer Satisfaction**

The most common method that businesses use to measure their customer satisfaction rating is surveys. Surveys allow customers to express their needs directly to the business. In a way, the presence of surveys gives the notion that the business views customer satisfaction as its top priority. This makes the customers feel that the business is concerned about their welfare.

In order for customer satisfaction surveys to be deemed efficient, they must focus on determining the customer perception of the business. This can be achieved by asking the customers questions leading to answers connected with the employees performance, the benefits of the products carried by the store and the recommendations on how to improve the over-all performance of the store (Bhaskran, 2005).

## Methodology

To be able to gather information relating to the focus of the study, this research employed both the quantitative and qualitative approach. These methods allowed the researcher to attack the study on different levels, giving it a holistic take on the matter. The quantitative approach pertains to the numerical findings of the research, while the qualitative approach is in the form of 10 interviews conducted. Ten managers of different food stores were asked a series of questions focusing on their definition of customer satisfaction and how they carry out store regulations in relation to customer satisfaction. The interviews were also geared towards collecting different store programs being used to improve customer satisfaction. At a certain point, these programs were the focus of the interview. Managers were asked how they gauge the effectiveness of the programs and where do they base these programs. Opting to use managers of other food stores proved to be effective, since they were able to give managerial insights regarding the topic.

The details of the interviews will be presented on the data gathered section of the research while the breakdown of the information will be presented on the Analysis of the Data Gathered section. The results of the study will greatly affect the formulation of recommendations. The study will be the foundation or the core of the recommendations that will be implemented at the researcher's store.

## Interview Data

This section of the research presents the 10 interviews conducted during the field research. The participants of the interviews are 10 store managers from various grocery stores. The participants have been familiar with the retail food industry business for five or more years. The number of years of the manager was in business was an advantage for the researchers because they were able to base their answers on years of knowledge of running a grocery store and they were able to cite various examples from their own experiences.

A questionnaire with a single format, containing the same set of questions was used. This was done to achieve uniformity and to make the tabulation of the data easier. The names of the grocery stores and the managers will not be revealed in order to exercise confidentiality due to the nature of the information shared by the managers. Below is the questionnaire used during the ten interviews:

- 1.) How long have you been supervising the operation of this grocery?
- 2.) Based on your experience what makes your customers satisfied?
- 3.) What is the method used by your store to understand your customers?
- 4.) What actions were taken to ensure customer satisfaction?
- 5.) After the implementation of changes geared towards increasing customer satisfaction, were there significant changes on the store's sales?
- 6.) Can it be stated that customer satisfaction equals increase in sales?

The presentation of the interviews in this research will be in the format of enumerated answers since the questions have already been enumerated above. The response of the interviewees will not be encoded verbatim since there is a need to edit out parts that are not relevant to the subject of the study.

### **Manager A**

1. 10 years of managerial position in a grocery store.
2. Customers are satisfied when the store is able to provide them almost everything, they need to purchase in one single trip.
3. After the store implemented the suggestion box a few years back, we learned that the line of products that we were offering is not enough.
4. We started expanding the products as well as the brands that we carry in the store.
5. The addition of products and brands resulted in more people visiting our store since it became known to them that we are now offering various products that can meet their requirements.
6. Yes, it can be stated that customer satisfaction results to better sales. And we were able to prove that here.

### **Manager B**

1. 5 years of managerial experience in a convenience store.

2. Customer satisfaction, in our case at least, is living up to the nature of our business which will translate to providing convenience.
3. When the competition among convenience stores grew tighter, we realized that we need to come up with plan to make customers realize that we exist to make their shopping experience a lot easier.
4. We started training our employees to be able to attend quicker to the customers needs. Cashier lines became more efficient resulting in less wait time.
5. The quick service allowed us to attend to more customers everyday. People kept coming back since they were satisfied with our efficiency.
6. Yes, customer satisfaction can be related to increase in sales. When a business focuses on customer satisfaction they will also be focusing on improving the way they do business with people thus increasing our productivity and profit.

### **Manager C**

1. More than ten years of being a food grocery manager.
2. Customer satisfaction means that we should be able to deliver the freshest produce to our customers.
3. It has always been the policy of our store to ensure that customers are always satisfied. We have taken in consideration that competition is stiff that is why we make sure that we take care of our customers.

4. We refresh our stock everyday. Thanks to the patronage of our customers we have not experienced food spoilage in our years of operation.
5. The quality of the products that we provide makes our customers feel that it is safe to serve the food that they bought from us to their families that is why they recommend our store to their friends; it is like getting free radio advertisement.
6. Definitely, as I have said earlier our satisfied customers recommends our store to other people resulting to more profit for our business.

#### **Manager D**

1. 7 years of managing a grocery.
2. Customer satisfaction is being able to give the customers what they want and need.
3. While doing my rounds, I would often encounter people asking me about some products that they were not able to locate. I later found out that there were a lot of products that customers are looking for that our store does not have. So, we conducted a survey asking customers about the products that they would like to see on our shelves.
4. After the survey we added the products that were prominent on the survey.
5. Our customers began coming back and soon were bringing friends to our store to purchase the products that we added.

6. It is really important that store familiarize themselves with what the customers are looking for since that will ensure them more sales.

### **Manager E**

1. 5 years of holding a managerial position in a supermarket.
2. Based on my experience, customers become satisfied when they feel that the business is more concerned with their welfare rather than their money.
3. I have developed a habit of randomly asking customers about their perception of the store. This practice allows me to get to know our consumers better.
4. From the information that I get from my customers I think of different ways to address their concerns even paying attention to the smallest details because I believed that even the smallest deed counts.
5. By continuously implementing programs to improve the performance of the store in general more and more people are being attracted to shop in our store. But it does not eliminate the fact that we loose a certain percentage of customers due to new shopping venues being opened.
6. My answer would be yes and no. As I have said earlier, we are able to keep, gain and loose some customers, so I guess it evens it out.

## **Manager F**

1. 15 years of managing a self-owned local store.
2. My customers are satisfied when I am able to attend to their needs. It is all about seeing your customers as friends rather than clients.
3. I own my business so I have the time to talk to my customers since they are also my friends. I ask them for suggestions on how to make my store more appealing to new customers.
4. Most of the response that I get from my existing customers told me not to change anything. They believe that by continuing to keep my interactions with the customer like interacting to a friend then my store will also continue to be profitable.
5. I have no problems with customer retention since my store is already part of our community life. My focus now is on how to attract more customers.
6. Yes, customer satisfaction results in customer retention and because of that I am able to keep my store running.

## **Manager G**

1. 8 years of being a manager of a grocery store.
2. When the company is able to bring the business closer to the customers in different aspects then customer satisfaction can be achieved.



3. We do surveys from time to time. We mainly ask customers on what the things that we should improve on are and things that we should maintain.
4. We do our best to address the issues brought up by the customers because we believe that when they see that the management is addressing their concerns they would start seeing the store as a reliable place of business.
5. After we started the strategy of improving the store based on what the customers want, we observed more and more repeat customers. And sometimes they would bring a friend or two along.
6. Yes, because customer satisfaction lessens the percentage of losing customers.

#### **Manager H**

1. 5 years of overseeing a grocery store operation.
2. I think my customers are satisfied when our employees treat them nicely.
3. We conduct surveys every year and we noticed that we would lose a certain percentage of customers when we tallied the results; we found out that we were losing customers due to some dissatisfactory display of behavior by some employees.
4. We started retraining our staff, giving them lessons in proper customer interaction. To better motivate our employees we also implemented

reward systems. Employees are compensated for high customer satisfaction rating.

5. As a result employees were motivated to give customers superb shopping experience. Customers are being attended to throughout there shopping time in our store.
6. Yes, we have been getting commendations from customers and they tell us that they will recommend our store to others and that they would buy more our stores more often.

### **Manager I**

1. 6 years of being a store manager.
2. Customer satisfaction is rooted in understanding the customers.
3. We conduct studies regarding the demographic characteristics of our consumers, along with regular surveys and patterns of purchase.
4. This method allows us to view the needs and wants of the customers in way that everything is covered. For example, certain brands may be very popular at the moment but the cost of purchasing one is higher than the price our customers are willing to pay, what we do is we look for alternative products with the same qualities but are being sold at a lower prices.

5. After utilizing this method we observed dramatic improvements in our sales. This would only mean that we are doing something right because the customers kept on coming.
6. Yes, there is but there is also a trick to making customer satisfaction work for the business and not just for the customers.

### **Manager J**

1. 6 years or managerial experience in a grocery store.
2. Letting the customers have their way will satisfy them.
3. The method that we use is interaction. We gather information first hand. We talk to customers while they are shopping. And try to resolve issues before the customer even gets to the cashier. I have one story to tell. There was this lady who came in our store demanding that we replace a product that she allegedly brought in our store. She complained that the product is no good. So I told one of our staff to replace the product. After a minute or so, that staff member called my attention and told me that the product has the sticker of another store. Despite that I still insisted that he replace the product. And then told him that after today where, does he think, that lady will buy that particular product from?
4. Immediate resolution of conflicts and addressing concerns will give the customers the impression that the store is really serious in giving them the best services and products.

5. Remember my story, that lady has recommended more than a dozen people to our store already.
6. Of course there is!

### **Analysis of the Data Gathered**

Based on the results of both the study and the analysis of the interviews conducted, it is clear that ensuring a high customer satisfaction rating can result in increased sales. Out of the 10 respondents, only 1 gave a negative remark when asked if customer satisfaction can be equated with increase in sales. That answer was given to maintain a neutral stand on the subject. Another point that was raised by the results of the interviews was that there are different levels of satisfaction that need to be fulfilled in order for customer satisfaction to result in increased sales. This finding only reinforces the claims made by the two Harvard researchers as stated in the review of the related literature.

The result of the analysis of the answers provided by the interviewee is mostly reinforcements of earlier studies. Topics that were discussed in the previous section of the research reappeared in the presentation of the interview data. One topic that was in both sections was the compensation rewards for employees with high satisfaction rating. This was mentioned in the discussion of Sears Roebucks & Co. and then again in the interview with Manager H. The recurrence of surveys as means of gathering customer perception and suggestions for improvements is also evident. This suggests that surveys are a

highly effective means of gathering information and aid the management in improving the way they conduct business.

Both the results of the review of related literature and the interviews demonstrate that by treating customer satisfaction as a key business strategy can affect a business' success. This satisfies the two objectives and three hypotheses of the research. The research, therefore, has been successful in making the connection between customer satisfaction, customer retention and increase sales.

## Recommendations

Based on the information that the research discovered and through the utilization of interview data and analysis, this research can now proceed with recommendations that formulate programs that will eventually be able to aid a grocery store in improving customer satisfaction and lead to increased sales. Most of the methods that the respondents shared used surveys to measure customer perception. The customer's comments then translated into changes implemented by the store.

The program that will be recommended is comprised of three stages involving the entirety of the store employees at one point or another. The first stage is feedback gathering. This stage will take the form of a customer that will allow the manager of the store to have an idea of how the consumer's perceive the store's over-all performance.

The second stage will be the tabulation of the feedback. This stage will be mostly handled by the manager of the store. The idea in carrying out stage 2 is to be able to get feedback from the customers about the store, the products that the store carries, the service that the store employees were able to provide, and things that they want to see an improvement on upon. The main reason for the tabulation is for the manager to be able to tabulate to over-all performance of the store based on the perception of the consumers. Areas for improvement can also be identified through the tabulation process.

Based on the information sorted in the tabulation process, the manager then takes on the challenge of addressing the concerns voiced by the customers.

The changes that should be implemented must be based on the comments of the customers. This process ensures that customer's key concerns are addressed. The recommended program will be able to satisfy their needs by providing total shopping experience.

The most integral part of the program is the gathering of feedback from the customers. Effective utilization of surveys will allow the store to gather as much information need to formulate regulations aimed towards customer satisfaction. The first stage of the program is also the hardest to accomplish since it will require the management to come up with a survey that the customers will find enticing to complete and return to the store. Below are some suggestions that store managers can use in order to carry out efficient gathering of customer feedback:

1. Survey forms must be comprised of direct questions pertaining to how the customers perceive the store's over-all performance. This will ensure that the survey will yield information related to the objective of the program.
2. Keep the survey forms short and simple as this will give the impression that the completing the survey will not be a hassle to the customer.
3. Make sure that the customers are aware of the rationale behind the survey being conducted. Doing so will make the customers

realize that the completion of the survey will be of benefit to them.

4. It is also recommended that the store give incentives to customers who will be completing the survey like discount coupons that can be redeemed after returning the completed survey form.

After the survey is printed, the next step that is addressed is the distribution of the forms. There are two methods that the store can use. The two methods vary greatly in the way the forms will be distributed as well as the possible number of respondents. These methods were patterned after the methods used by The Business Research Lab (2005)

### **Method 1**

Survey forms will be directly given to the customers after every sale is completed. While the employees are doing this, it must be made clear to the customer what the survey contains, what is its purpose and how the customer will benefit. Remember, the consumers are always asking – what's in it for me?

The spiel can go something like:

“Thank you for shopping at (name of the store)! And since we would like to provide you with the best shopping experience, here is a survey that will allow us to know what your needs are. After you have returned the complete survey you will be given a discount coupon as a token of our gratitude.”



This method can help eliminate the number of non-responses since the objective of the survey has been explained. Employing method number 1 will also allow the survey to sweep a larger number of respondents. It also says a lot the store's stand on customer satisfaction issues. Method 1 gives the store an opportunity to show its customers that it is constantly looking for ways to better serve them and that customer satisfaction is one of their top priorities.

However, the manager must also be aware of the downsides of method 1. Since the distribution of the surveys is dependent on the employees, the chances of the program being affected by the employees' action are great. Forgetting to hand-out the survey, not giving the survey forms to the customer intentionally for fear of getting poor ratings and influencing the customers on how to carry out the rating are just some of the tendencies that the store must watch out for to ensure the validity and effectively of the survey. Another aspect that the manager should consider before deciding on method 1 is the cost involved, since there is a need to distribute a lot of forms, the question of the cost of printing must also be taken into consideration.

## **Method 2**

In method 2, the store will depend solely on the customers' discretion to take the survey or not. Survey forms should be noticeably displayed by the cash register. Provided the nature of the method, it is more prone to non-responses because the number of respondents is not as large as in method 1. There is also

the tendency that people with extreme comments will be the ones to pick up the survey forms. For example, customers who think that the service the store provides is extremely efficient or customers who believes that the store is worthy of being reported to the Better Business Bureau. Given this, there is also a tendency the employees will hide the survey forms from customers whom they feel and think are highly dissatisfied. Yet, in utilizing this method, the cost of printing can be lessened since only few copies needs to be displayed.

## Conclusion

The purpose of this research was to, 1) be able to illustrate the link between customer satisfaction and an increase in sales, 2) present substantial information regarding the importance of customer satisfaction and the need for effective plans in increasing customer satisfaction, 3) make recommendations on how to improve customer satisfaction in a retail store environment. We hypothesized that customer satisfaction and customer retention are interrelated. Also, customer satisfaction relies heavily on delivering the total customer experience and that the presence of this satisfaction will result in higher profit.

When looking at the data, we see that our research goal was met and our predictions were verified. For example, when looking at the data for manager J, the link between customer satisfaction and increased sales is evident. After the elderly women had a positive experience in the store, she recommended the store to over a dozen of her friends. Consequently, the profit in the store increased due to increased sales. The data from manager A provides evidence that effective planning increases customer satisfaction. According to the manager, after the placement of a suggestion box, the store was able to tailor their products to the consumer's needs. When more of the products that the customer's wanted were in the store, the store's sales increased. Before the implementation of a plan, the store did not know what products the customers wanted. Overall, providing the customer with the total customer experience led to

customer satisfaction. Customer satisfaction led to customer retention which led to increased profit.

Judging from the data provided by the survey, there are a number of ways that one can improve customer satisfaction. The store must design a method of survey or develop good customer relations as manager F did, in order to understand their customer's needs. It is recommended that the store provides incentives for those who filled out surveys to increase the pool of respondents. In addition, the store should conduct these types of surveys periodically.

Now that the information yielded by the research has been utilized to formulate a program that grocery stores can adopt to increase their profitability, further research will be suggested. Instead of surveying managers, one could design a study in which there is a control group and an experimental group. The control group would not provide surveys to their customers while the experimental group would ask costumers to fill out surveys. When this study is conducted over a period of time, it would be revealed which group if any had more success.

In conclusion, it can be stated that if a retail store wants to remain competitive in a world of globalization, then the management should consider customer satisfactions as a vital aspect of focus.

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