

Customers happier with service in stores

This is despite the manpower crunch affecting retailers. **TEH SHI NING** reports

ALTHOUGH retailers here have complained amid the ongoing labour crunch that sales people cannot be replaced by robots or technology, they have done well as a group to make their customers happier this year than last year.

The annual index compiled by the Institute of Service Excellence at the Singapore Management University (ISES) shows that the retail sector notched up 72.2 points on the Customer Satisfaction Index – higher than last year's 67.2 and surpassing the scores it has had in previous years.

Besides retailers (such as department stores, furniture outlets, petrol service stations and supermarkets), the info-communications sector also did well, scoring 67.7 also a record for the sector.

The ISES computed these scores following face-to-face customer surveys done between January and April. In all, more than 7,600 unique responses on companies in the two sectors were collated.

ISES director Caroline Lim said: "A manpower crunch will not necessarily have an impact on customer satisfaction if your strategies are customer-centric."

ISES academic director Marcus Lee, making a similar point, said that if a store hit by worker shortage responds by limiting the range of clothing or shoes on display to the items most in demand, it can in fact achieve higher productivity and leave its customers more satisfied.

In other words, there are ways for retailers to manage their manpower needs without compromising on customer satisfaction. They can do this by going beyond aesthetics when designing their store and storeroom, and instead lay out the place so that their frontline staff can serve customers more effectively.

That customer orientation and productivity need not be at odds with each other was an idea discussed at the 9th St Gallen Public Lecture last month too.

Marcus Schoegel, who was visiting the St Gallen Institute of Management in Asia here, argued that just as the starting point for "market-based productivity" ought not to be indiscriminate cost-cutting or substituting manpower with technology, the starting point when seeking to win over customers should not merely be to adopt the latest "flavour of the month".

For example, Starbucks' brand of service entails training its baristas to ask for the customer's name. This may work for Starbucks, but may not for every service firm or even for every coffee franchise, said Prof Schoegel.

The model of successful customer orientation and higher levels of satisfaction is thus idiosyncratic; what works for one company may not work for another, he said.

He advocates that companies adopt a more holistic change of perspective, that is, to move from thinking in terms of R&D, procurement, production and sales to thinking about the customer's needs – high quality, swift supply and varied offerings, for example.

This sort of integrated approach could mean understanding the customer well, empowering employees instead of forcing them to fit a standard mould and developing a strong leadership team, Prof Schoegel added.

ISES' Dr Lee acknowledged that limit-



Ms Lau: 'It has still not been ascertained whether service levels will be sustained after tighter manpower controls kick in'

ing the range of goods may trigger complaints from some customers, but this should not automatically be cause for alarm.

"As a business, you shouldn't try to please everyone. You need to understand where your money is coming from, who your target consumers are, what you are designing for – and then make sure you're very tight in your system so you can deliver high levels of quality even with fewer people," he said.

"Nothing is for free. You can't have an Amazon selection and only five people running it," he quipped.

Ms Lim said a keen understanding of customers' needs and expectations will ensure that the retailer is not providing costly "frills" that are not the customer's key needs. "Firstly, you're being customer-centric. Secondly, you're being productive. And thirdly, it drives up satisfaction and loyalty," she said.

The Singapore Retailers Association (SRA), which represents nearly 300 retailers here, is less certain that the impact of the manpower crunch on customer satisfaction and service levels can be easily overcome.

Its executive director Lau Chuen Wei noted that the SRA's Retail Industry Mystery Shopping programme, an audit based on customers' experiences with retailers, has tracked overall improvement of service excellence from 63.8 per cent in 2006 to 72.61 per cent last year. But this does not fully capture the impact of tighter foreign manpower controls, she said.

A fresh wave of curbs to take effect next week may worsen the ongoing hiring difficulties. She said: "It has still not been ascertained whether the service levels will be sustained after the tighter manpower controls kick in."

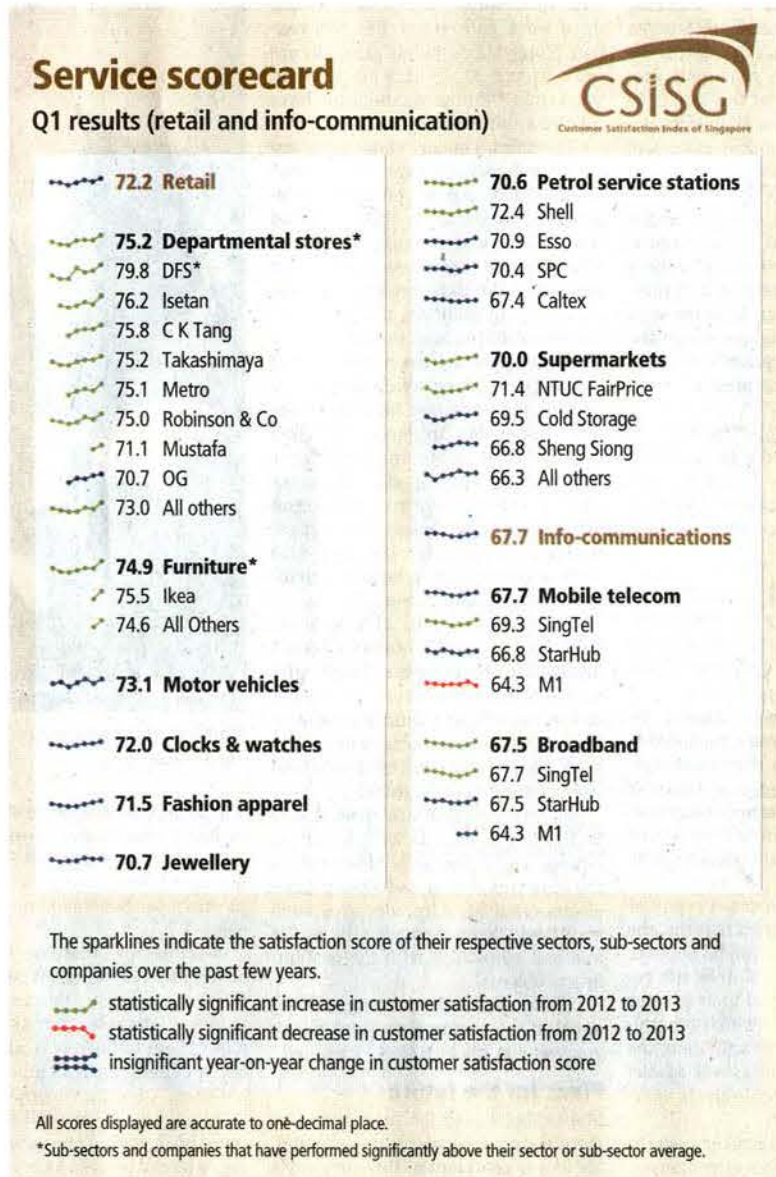
Referring to the ISES' measure of customer satisfaction, she pointed out that it is not strictly a measure of service levels – the indicator most directly hit by the shortage of retail workers.

In fact, ISES' analysis of the department store sector – which had a 75.2 score, the highest among all retail sub-sectors – did state that customers' perceptions of quality were significantly influenced by image-related attributes. These included the level of trust they had in the departmental store, and how ethical they believed the store to be when dealing with customers and employees.

ISES had said: "In fact, these attributes were more important to these local depart-



Different models: What works for one retailer may not work for another, says Prof Marcus Schoegel. FILE PHOTO



ment store customers than how competitive the prices were." These are, therefore, elements that can be a result of a retailer's effort to position itself better, or align itself with ethical practices, rather than a customer's personal experience when shopping in a store, Ms Lau said.

ISES' Ms Lim said these findings underscore how important it is for companies to "look beyond the operational aspects of customer satisfaction". She added: "By focusing on a total and holistic customer experience, businesses can positively influence customer satisfaction and thus differentiate themselves from the competition."

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– Dr Marcus Lee