Consumer and Shopper Satisfaction. Measurement of Collaborative Supply Value Chain

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Abstract

Today's consumers demand choice and convenience. They "mix and match" channels according to their needs for product research, purchase and delivery. As cross-channel shopping behavior grows mainstream, the best way to evaluate and compare retail channels is to measure their relative impact increasing customer satisfaction and loyalty.

Customer satisfaction happens when the customer is satisfied with a product/service that meets the customer's needs, wants, and expectations. To further understand customer satisfaction, we must take a deeper look at the levels of specific satisfaction. We must also recognize that there are levels of customer satisfaction that, in a sense, define the basic ingredients of quality.

The value chain analysis pays a key role in understanding the need and scope for system competitiveness. The analysis and identification of core competences will lead the firm to outsource those functions where it has no distinctive competences.

Keywords: *consumer & shopper satisfaction, value chain, category management, store performance, shopper experience*

Introduction

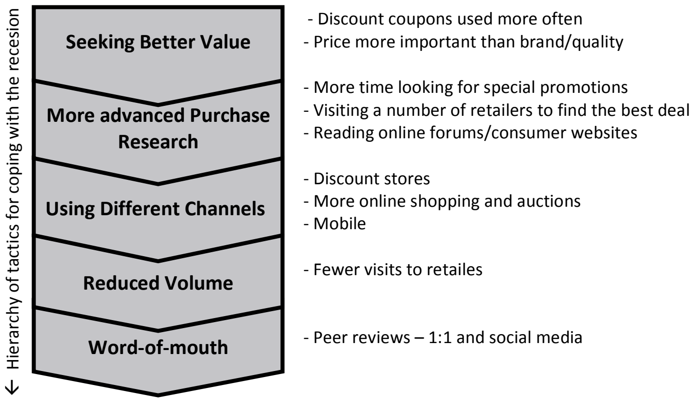
Future Value Chain Trends

The value chain describes the full range of activities which are required to bring a product or service from conception, through the different phases of production, delivery to final consumers, and final disposal after use.

There are twelve future trends that will shape value chains and supply chain management during this decade, addressing change in society, shopper behavior, environment and technology *(GCI, 2008).*

The process that shoppers go through has forever changed, becoming more complex and multifaceted. No longer do shoppers traverse a linear path; rather we see a highly dynamic journey to purchase, one characterized by reiterations in product considerations.

Figure 1. Hierarchy of shoppers' new behaviors



Source: Microsoft: New Shopper Journey

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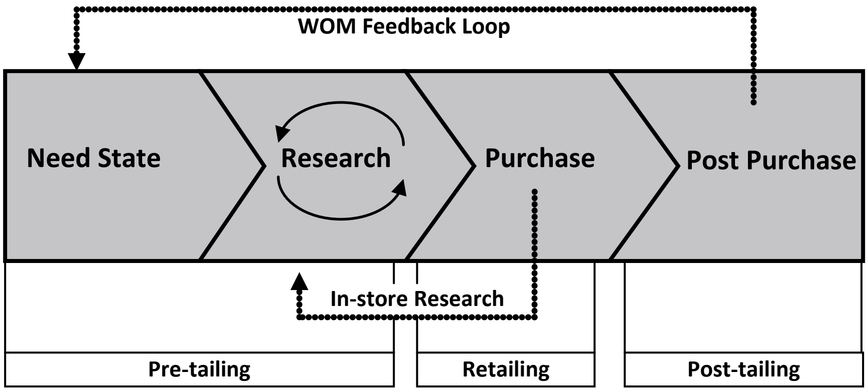
1. Shopping Journey

For shoppers, value comes from the capabilities offered, such as making it easier to find product information, automating a household chore (creating a shopping list, for example), or facilitating decision making by consulting family or friends *(Westenberg, 2010)*.

For retailers and consumer product companies, value comes from information about personal preferences, where and when a particular need may arise, and the ability to use this knowledge to lock in customers.

Figure 2. The shopping experience



Source: Microsoft: New Shopper Journey

The ability to respond in a timely and appropriate way will be a key differentiator. Understanding the value drivers - especially by customer segment - will help target where to begin improving value for customers *(Westenberg, 2010).* Questions to consider include:

- What do my customers value in an experience?
- Which service will enhance our customers' lives and reinforce our brand?
- Which experiences are improving my relationships with customers?
- How do these experiences differ by customer segment?

Shopper insights is consumer learning that can be applied to improve equity, sales and profitability of a brand, category or store through consumer-centric changes to the retail environment and its messaging.

2. Shopper Satisfaction

All the definitions share some common elements. When examined as a whole, three general components can be identified: *(Giese, Cote, 2000)*

1) consumer/shopper satisfaction is a response (emotional or cognitive);

2) the response pertains to a particular focus (expectations, product, consumption experience)

3) the response occurs at a particular time (after consumption, after choice, based on accumulated experience

Some classical tools and methodologies to identify and focus on customer satisfaction include: Kano model; Quality function deployment; Benchmarking; Systems approach; Focus groups; Survey instruments; Interviews; Internal auditing.

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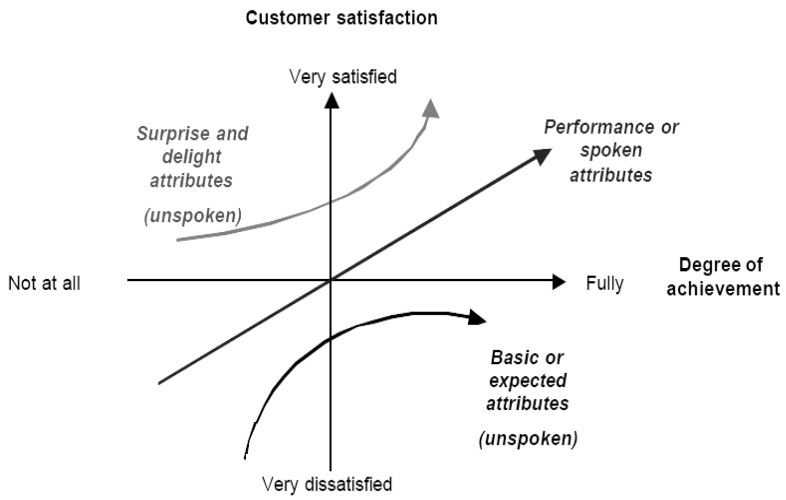
Figure 3. The KANO Model



Source: www.kanomodel.com

Causal factors that influence store satisfaction while shopping:

- **Store attributes** (location of store, nature and quality of assortment stocked, store's pricing strategy , character of in-store promotions, assistance of sales personnel, store's physical attributes, atmospherics of store, issue of loyalty cards;
- **Shopping patterns of the buyer** such as, time spent in the store, volume of purchase, recommendations of store to relatives and friends.

The most critical measurements of store performance are:

• Retention;
• Number of transactions or store visits;
• Average transaction value.

Store satisfaction is a necessary condition for achieving store loyalty

3. Shopping Experience

Current shopping experiences involve more than consumer acquisition of goods. They also involve seemingly tangential experiences to acquisition of goods resulting from the broadly defined shopping environment, such as an elaborate store design, educational events, recreation, and entertainment *(Fiore, Kim, 2007).*

Five major areas that contribute to a great shopping experience:

- Engagement;
- Execution excellence;
- Brand Experience;
- Expediting;
- Problem Recovery.

Retailers can develop a rich understanding of their own shoppers - their product preferences and purchase habits, shopping behaviors and promotional drivers - that product manufacturers cannot gain on their own.

Manufacturers, on the other hand, offer retailers a broader, deeper understanding of consumers as it pertains to their product categories - not to mention a far greater understanding of the competitive retail landscape - that retailers typically don't have the resources to gather on their own.

The collaborative approach also simply brings more resources to the table in terms of research capabilities, analytical prowess, financial resources, execution competence and other vital functions.

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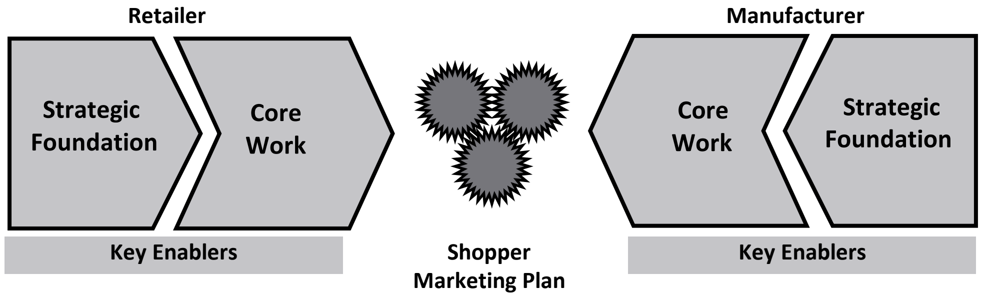
Figure 4. Collaboration between Retailer and Manufacturer



Source: Shopper Marketing Best Practices: A Collaborative Model for Retailers and Manufacturers, 2010

4. Shopper Experience Measurement

To measure the shopper satisfactions, we chose five big retailers in Târgovişte (Kaufland, Mega Image, Penny Market, Carrefour and Interex) and developed a questionnaire with 5 major areas of interest: access, products, price, services, experience.

The categories have subcategories and the customers give a certain degree of importance to each, considering 1 as the lowest importance and 10 as the biggest. (Table 1)

Every store attribute received a score, between 1 and 5, and the procedure was repeated for every store.

Table 1. Store attributes considered for shopper experience measurement

1. Acces
Clean, organized store
Convenient location
Quick look through the store
Convenient store arrangement
Convenient program
Parking
Public transportation to and from the store
2. Product
Quality products
Easy to read tags
Products are easy to identify on the shelf
Good assortment and product diversity
“Green” products, friendly for the environment
Good selection of non-food products
Natural or organic products
Store brands
Store preoccupation for new products
3. Price
Good/low prices
Special offers/discounts/
Loyalty cards
4. Services
Services for the client
Available information about nutrition and health
Free phone access to product information
Price scans

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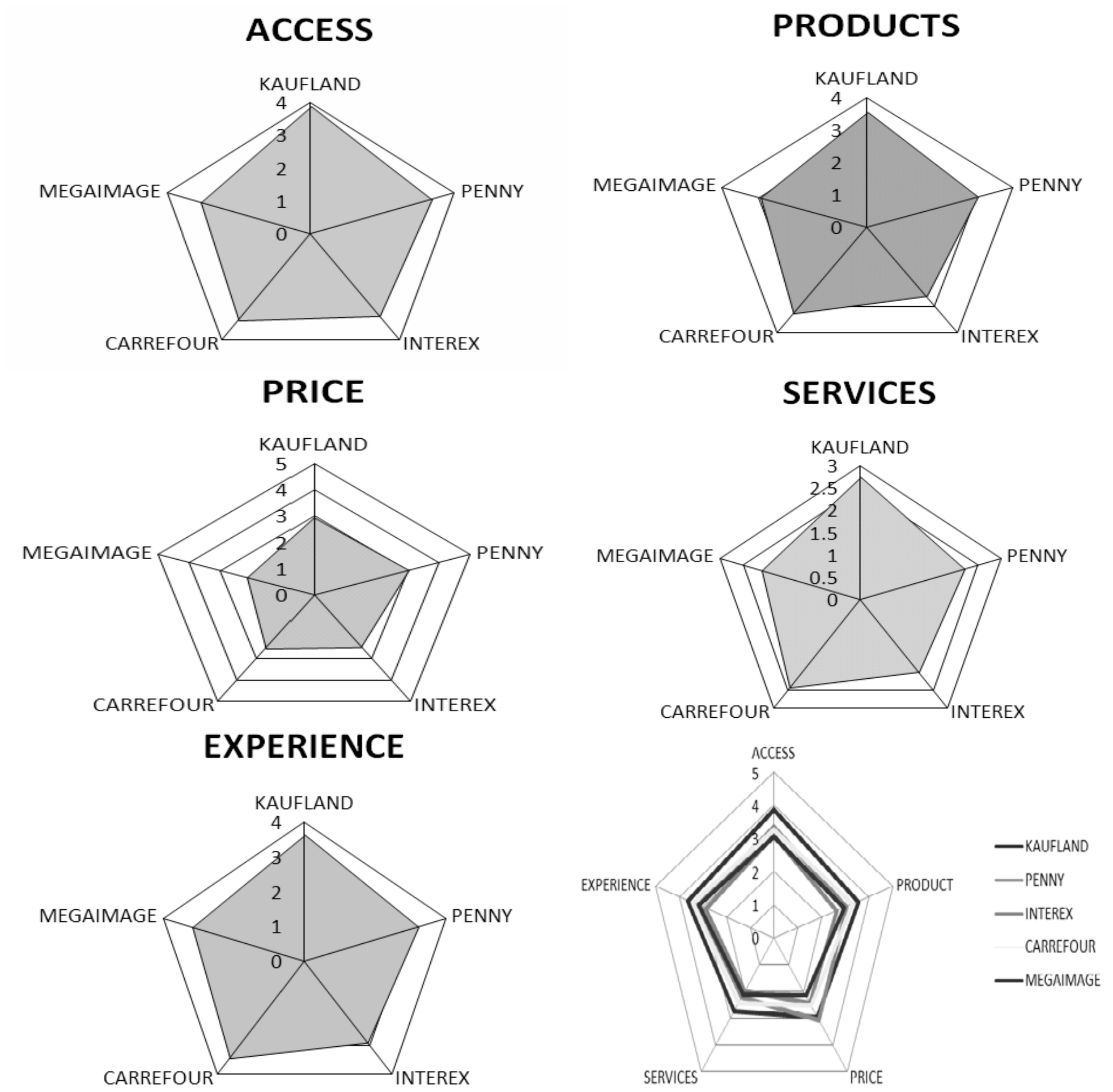
Available bags for packaging
5. Experience
Staff who knows the store
Staff who knows the products
Polite staff
Leadership competence
Personal safety during shopping, in and around the shop

In the following charts it can be observed the store with the highest scores for each of the five mentioned cathegories: Kaufland has the highest individual scor for access, product, service and experience. Considering the price, the highest score was for Penny Market. Representing all the five stores in one radar chart, it can be observed the difference between the stores, for each considered criteria.

Figure 5: Radar charts for the criterias considered



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The benchmarking below shows the differences between the scores obtained by every store, the maximum possible score is 1150 points. From all the 5 retailers analyzed, Kaufland is the one with the highest score.

Table 2. Benchmarking measuring consumer satisfaction for the five major retailers

	Level of importance (hierarchy)	Maturity level					K		I		P		C		M	
		K	I	P	C	M	SCOR	Maximum value	SCOR	Maximum value	SCOR	Maximum value	SCOR	Maximum value	SCOR	Maximum value
1. ACCESS																
Clean store	9.2	3.86	2.89	2.98	3.57	3.3	35.51	46	26.59	46	27.42	46	32.84	46	30.36	46
Convenient location	8.4	4.09	3.11	3.77	3.39	3.59	34.36	42	26.12	42	31.67	42	28.48	42	30.16	42
Quick look	7.1	3.33	2.91	3.14	3.3	3.02	23.64	35.5	20.66	35.5	22.29	35.5	23.43	35.5	21.44	35.5
Convenient arrangement in store	8.2	3.86	2.91	3.36	3.45	2.95	31.65	41	23.86	41	27.55	41	28.29	41	24.19	41
Convenient program	8.0	4.16	3.52	3.89	3.8	3.77	33.28	40	28.16	40	31.12	40	30.4	40	30.16	40
Parking	8.1	4.5	3.5	3.48	2.45	1.95	36.45	40.5	28.35	40.5	28.19	40.5	19.85	40.5	15.8	40.5
Public transportation to and from the store	6.2	3.29	2.79	2.88	2.85	2.9	20.4	31	17.3	31	17.86	31	17.67	31	17.98	31
2. PRODUCT																
Quality products	9.3	3.91	2.89	3.36	3.55	3.32	36.36	46.5	26.88	46.5	31.25	46.5	33.02	46.5	30.88	46.5
Easy to read tags	8.4	3.82	2.91	3.34	3.61	3.36	32.09	42	24.44	42	28.06	42	30.32	42	28.22	42
Products are easy to identify	8.1	3.8	2.89	3.2	3.36	3.14	30.78	40.5	23.41	40.5	25.92	40.5	27.22	40.5	25.43	40.5
Good assortment and diverse products	8.7	3.89	2.75	3.25	3.41	2.84	33.84	43.5	23.93	43.5	28.28	43.5	29.67	43.5	24.71	43.5
Green products, friendly for the environment	7.5	2.75	2.25	2.43	2.98	2.75	20.63	37.5	16.88	37.5	18.23	37.5	22.35	37.5	20.63	37.5
Good selection of non-food products	7.6	3.7	2.64	2.95	3.14	2.82	28.12	38	20.06	38	22.42	38	23.86	38	21.43	38
Natural/Organic products	7.8	3.07	2.34	2.57	2.89	2.7	23.95	39	18.25	39	20.05	39	22.54	39	21.06	39
Shop's own brand	6.7	3.45	2.3	2.93	3.52	2.51	23.12	33.5	15.41	33.5	19.63	33.5	23.58	33.5	16.82	33.5
The store in preoccupied for new products	7.6	3.52	2.67	3.23	3.27	2.98	26.75	38	20.29	38	24.55	38	24.85	38	22.65	38
3. PRICE																
Good/Low prices	8.6	3.34	2.8	3.41	2.75	2.27	28.72	43	24.08	43	29.33	43	23.65	43	19.52	43
Special offers/discounts	8.6	3.45	2.73	3.09	2.93	2.52	29.67	43	23.48	43	26.57	43	25.2	43	21.67	43
Loyalty cards	6.9	2.02	1.8	2.68	1.85	1.69	13.94	34.5	12.42	34.5	18.49	34.5	12.77	34.5	11.66	34.5
4. SERVICES																
Services for the client	7.2	2.95	2.07	2.57	2.4	2.05	21.24	36	14.9	36	18.5	36	17.28	36	14.76	36
Available information about health and nutrition	7.3	2.11	1.68	1.77	2.05	1.91	15.4	36.5	12.26	36.5	12.92	36.5	14.97	36.5	13.94	36.5
Phone access for information about the store	6.2	1.95	1.56	1.66	1.91	1.64	12.09	31	9.672	31	10.29	31	11.84	31	10.17	31
Price scanners	7.4	3.61	2.49	2.4	3.12	2.7	26.71	37	18.43	37	17.76	37	23.09	37	19.98	37
Available bags for packaging	8.0	3.07	2.2	2.59	2.7	2.18	24.56	40	17.6	40	20.72	40	21.6	40	17.44	40
5. EXPERIANCE																
Stuff who knows the store	8.3	3.75	2.93	3.36	3.55	3.34	31.13	41.5	24.32	41.5	27.89	41.5	29.47	41.5	27.72	41.5
Stuff who knows the products	8.6	3.7	2.72	3.19	3.4	2.95	31.82	43	23.39	43	27.43	43	29.24	43	25.37	43
Polite staff	8.9	3.55	3.02	3.16	3.3	3.36	31.6	44.5	26.88	44.5	28.12	44.5	29.37	44.5	29.9	44.5
Leadership competence	8.2	3.33	2.6	2.95	3.37	2.98	27.31	41	21.32	41	24.19	41	27.63	41	24.44	41
Personal safety during shopping in and around the shop	8.8	3.84	3.09	3.41	3.55	3.25	33.79	44	27.19	44	30.01	44	31.24	44	28.6	44
							798.9	**1150**	**616.5**	**1150**	**696.7**	**1150**	**715.7**	**1150**	**647.1**	**1150**

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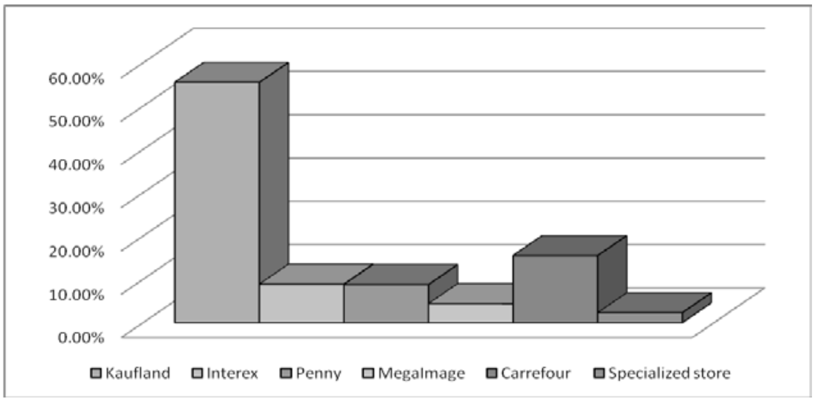
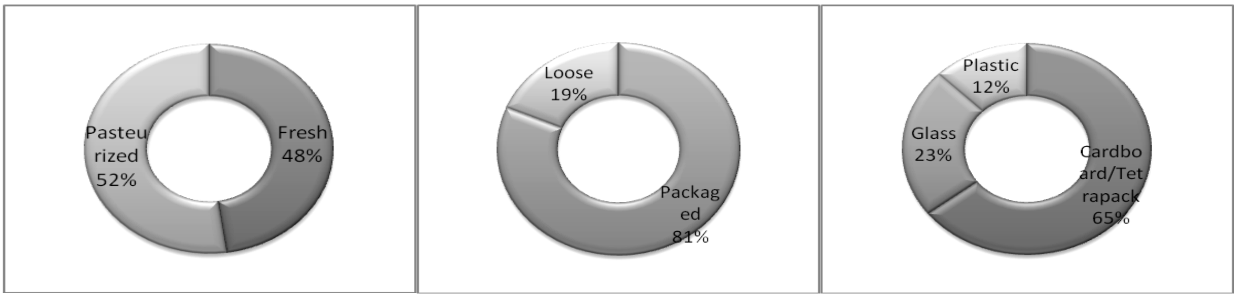
In the second part of the survey we focused on determining the favorite store for the dairy category and the customers (more than half) prefer Kaufland when buying dairy products. The next preferred retailer was Carrefour, followed by Interex, as can be seen in the chart bellow.

Figure 6. Chart for the favourite store for diary category



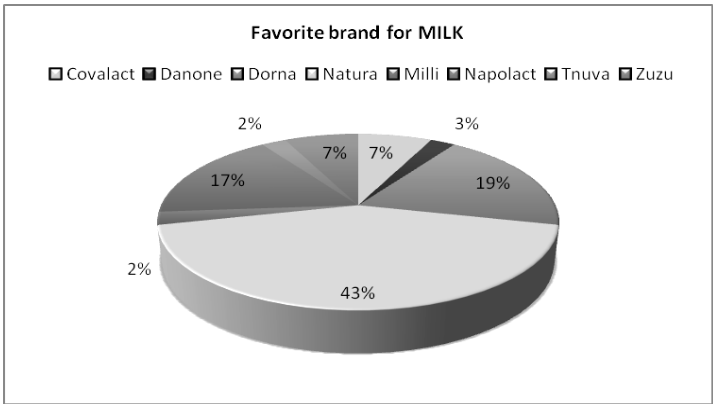
The answers also reveled that the clients prefer pasteurized products over fresh ones, they also prefer the packaged goods over loose ones, and tetrapack is preferred by most clients for dairy products.

Figure 7. Charts regarding the pachaging of diary products



The local retailer, SC. Natura SA is the favorite brand for milk, cream and butter, and the products of this producer are easy to find in the favorite store for dairy products. This reveals a good collaboration between the local producer and the big retailers analyzed in this survey.

Figure 8. Charts regarding the favourite brand for milk, cream and butter



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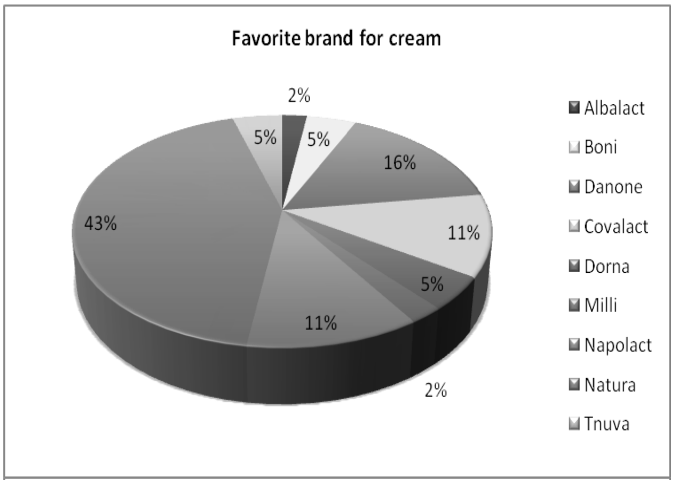
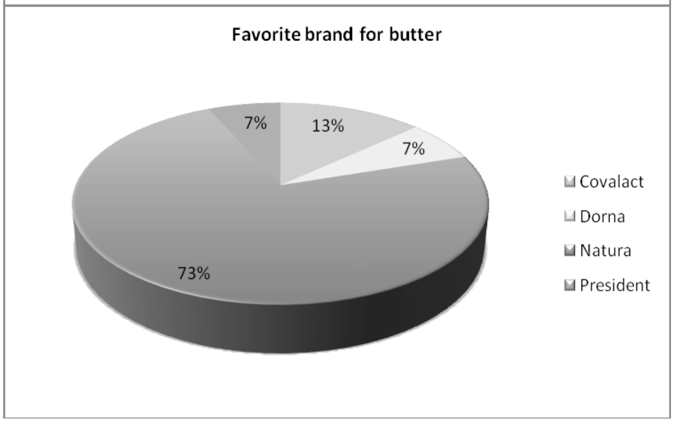
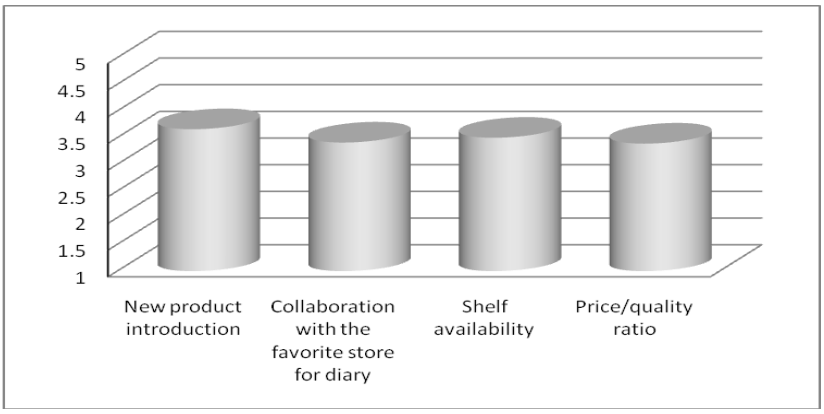




The respondents were also asket to evaluate the collaboration between the local diary producer and the five retailers, by giving a score between 1 and 5 to the following criterias: New product introduction, Collaboration with the favorite store for diary, Shelf availability, Price/quality ratio. As the chart below will reveal, the collaboration was evaluated for all the three criterias with more than 3 points, and the score it is describing a good collaboration between the local diary producer and the most relevant retailers.

Figure 9. Chart regarding the collaboration between the local producer for diary products and the most important retailers



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Conclusion

The ability to develop deep insights and build relevant solutions to win at the point of purchase – often described as the first moment of truth – is increasingly seen as a vital strategic growth driver for retailers and manufacturers alike. It is generally accepted that consumer satisfaction is a postpurchase phenomenon, yet a number of subtle differences exist in this perspective. The purchase decision may be evaluated after choice, but prior to the actual purchase of the product. The consumer responses reinforced this varied timing aspect of satisfaction.To increase consumer satisfaction and possible shoppers loyalty, the collaboration between retailers and producers is important and may be the best solution considering the actual economic environment.

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