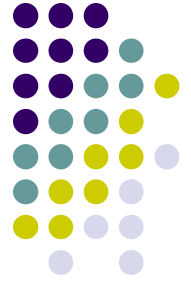


Supply Chain Management for Efficient Consumer Response Conference
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Valahia University of Targoviste, Romania
SCM 4 ECR

***Managing Consumer and Shopper
Expectations through Satisfaction and
Loyalty.
A Survey at a Superstore in Targoviste***

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Summary

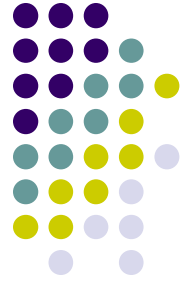


1. The concept of expectations
2. Types of requirements
3. Customer Loyalty
4. Customer Expectation Management
5. Gaps between expectations and perceived performance
6. Strategies for Managing Customer Expectations
7. What clients expect from a diary department in a superstore
8. Methodological aspects
9. The results of field research
10. Conclusions and proposals

1. What are the expectations and why do we need to meet them?



- QFinance defines customer expectations: the needs, wants, and preconceived ideas of a customer about a product or service. Customer expectation will be influenced by his or her perception of the product or service and can be created by previous experience, advertising, hearsay, awareness of competitors, and brand image. If customer expectations are met, then customer satisfaction results.

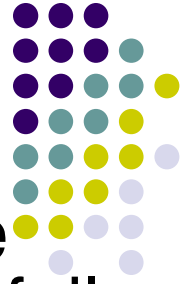


2. Types of requirements

Before trying to meet customers expectations, we should consider their requirements.

To satisfy customers, we must understand how meeting their requirements affects satisfaction. There are three types of customer requirements to consider.

- *Revealed requirements* are typically are typically what we get by just asking customers what they want. These requirements satisfy (or dissatisfy) in proportion to their presence (or absence) in the product or service. Fast delivery would be a good example. The faster (or slower) delivery, the more they like (or dislike) it.



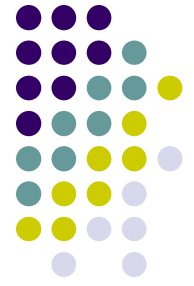
- *Expected requirements* are often so basic the customer may fail to mention them – until we fail to perform them. They are basic expectations without the product or service may cease to be of value; their absence is very dissatisfying. Further, meeting these requirements often goes unnoticed by most customers.

For example, if coffee is served hot, customers barely notice it. If it's cold or too hot, dissatisfaction occurs. Expected requirements must be fulfilled.



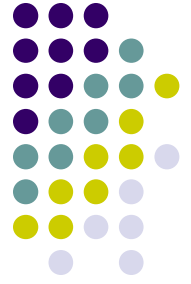
- *Exciting requirements* are difficult to discover. They are beyond the customer's expectations. Their absence doesn't dissatisfy; their presence excites. For example, if caviar and champagne were served on a flight from Bucharest to Paris, that would be exciting. If not, customers would hardly complain.

These are the things that wow the customers and bring them back. Since customers are not apt to voice these requirements, it is the responsibility of the organization to explore customer problems and opportunities to uncover such unspoken items.



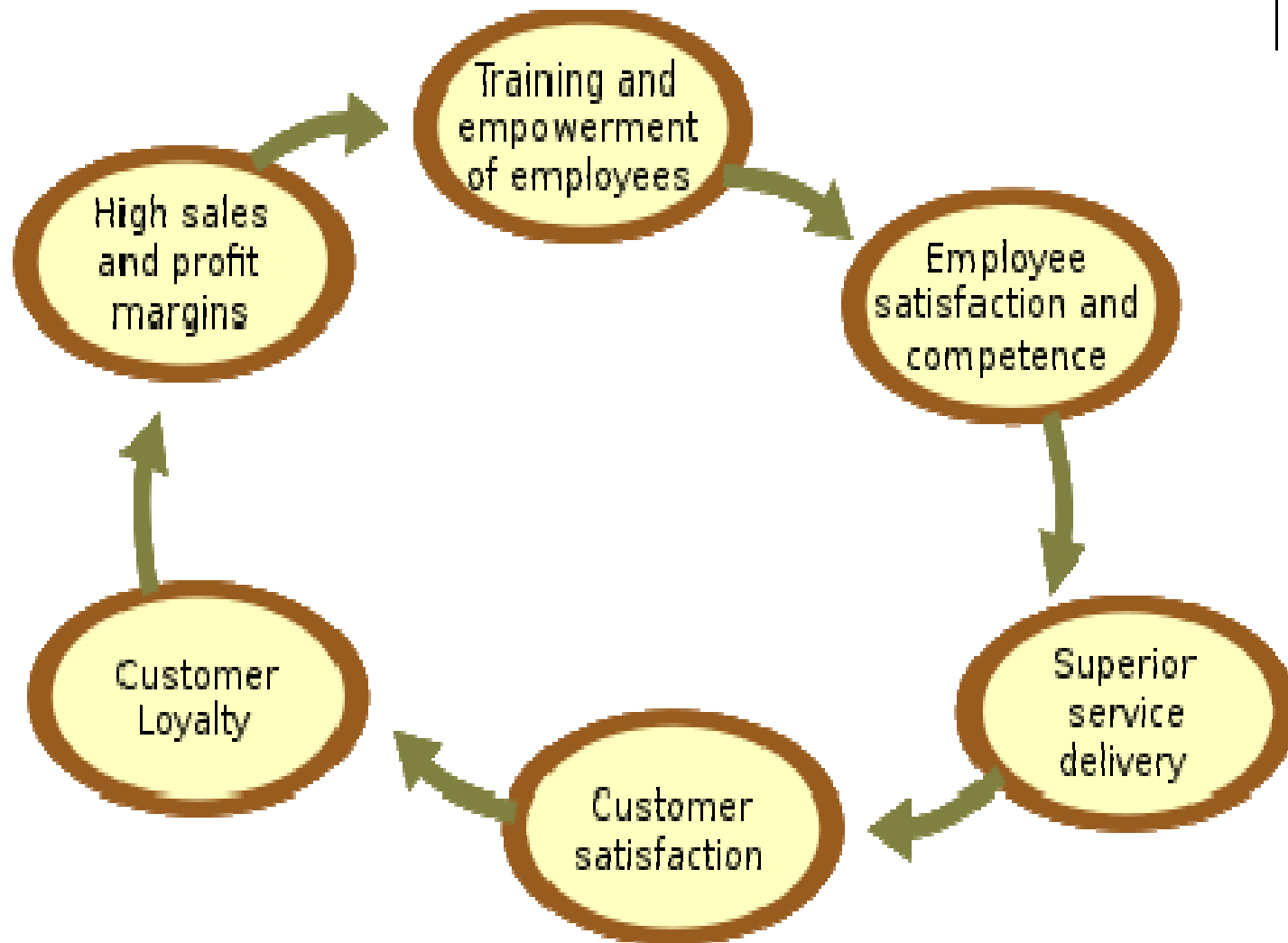
- Expectations are deeper and broader than requirements; they are your client's vision (or perception) of a future state or action, usually unstated but is critical to your success. They (expectations) are sliced in two ways:
 1. **They are a primary measure of your success.** In your client's mind, satisfaction is how close you've come to their expectations, not necessarily how close you were to the wording in the contract, or scope of work, or better yet the performance criteria. In some instances, it may not even be the actual results of the project but the process with which you arrive there.
 2. **Expectations drive all of your client's actions and decisions.** It's not their everyday duties of their assigned role or your very rational explanations that drive them, but their expectations.

3. Customer Loyalty

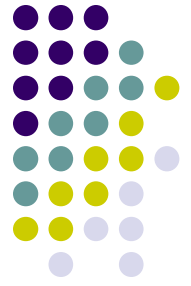


- From a company's perspective, a loyal customer is one who prefers the company's products and services to those of its competition. Loyalty can range from having a mild preference all the way to being a strong advocate for the company.
- It is well accepted in consumer marketing that an average customer who feels closer to a company (high loyalty) is significantly more profitable than one who feels less close (low loyalty). Thus, ideally a company would like all its customers to become loyal, and then to quickly advance up the loyalty chain.

Virtuous Circle of Customer Loyalty

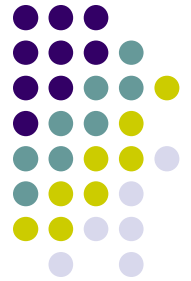


4. And why Customer Expectation Management?



- Customer Expectation Management is an approach that allows the project management practitioner to assess the potential predictability of expectations throughout a project life cycle.
- Trending the possible changes, it necessarily follows that it must be possible to be more effective in shaping and influencing stakeholders' expectations to a point where any variances between project performance (outcome) and stakeholders' expectations are within acceptable limits.

What do we gain if we meet their expectations?

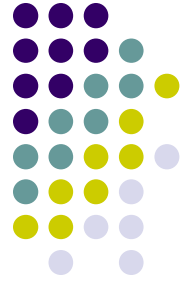


- The answer is quality, for products or for services.
- Quality was defined as the match between what customers expect and what they experience.

In the service context customer expectations may be defined as the desires or wants of consumers, what they feel a service provider should offer rather than would offer.

In an industrial marketing or business-to-business context, the concept of expectations might be modified to encompass the idea of “negotiated” expectations. In other words, quality is measured in terms of the extent to which performance as perceived by the customer (the “experience”) meets or exceeds implicit or agreed levels of service (the “expectations”).

5. Why does difference between expectations and perceived performance occur?

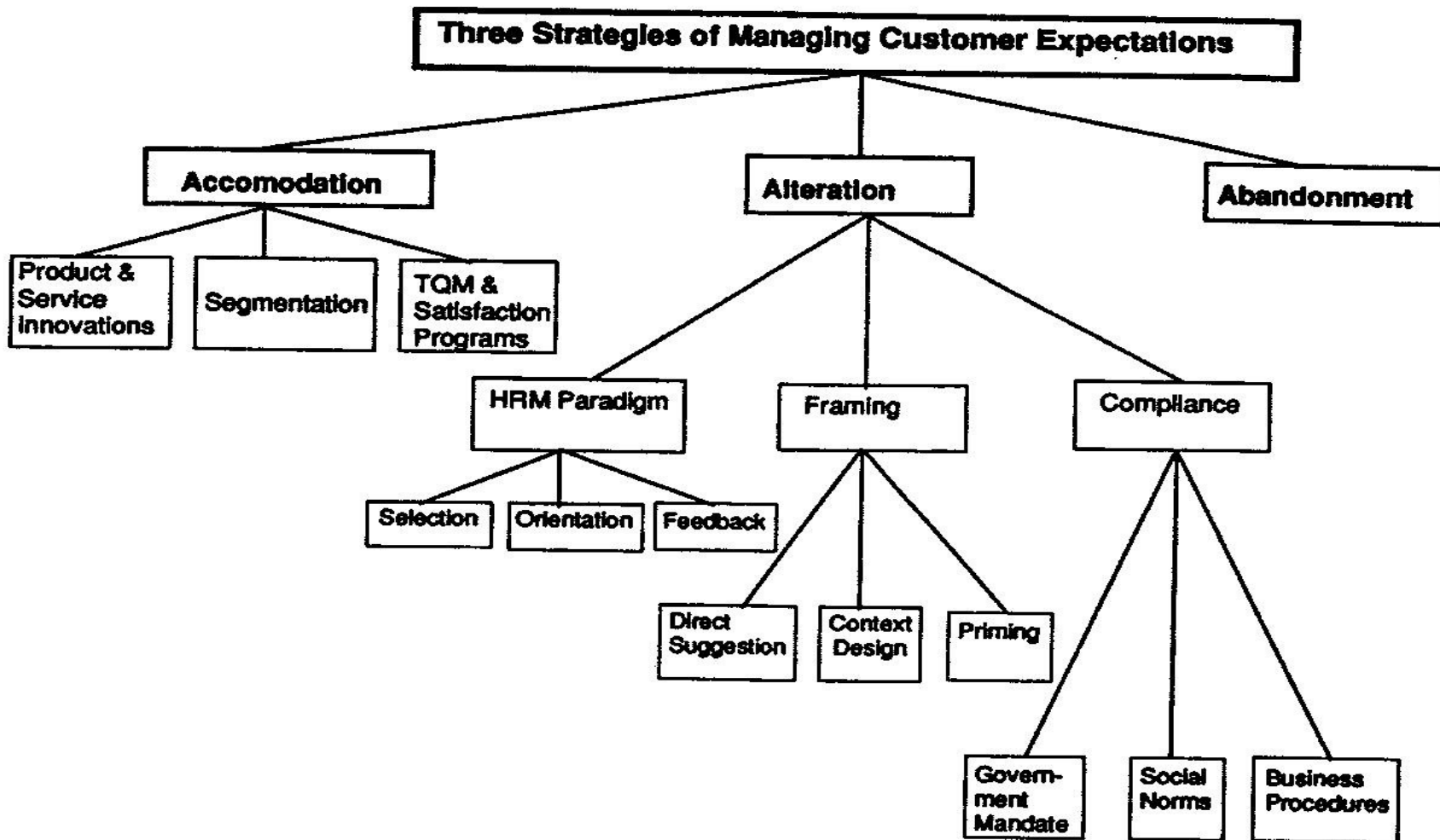
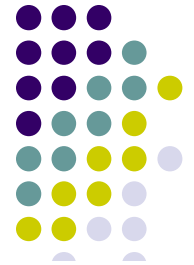


- Where expectations and perceived performance do not coincide, there are two possible responses by the organization, not necessarily mutually exclusive.

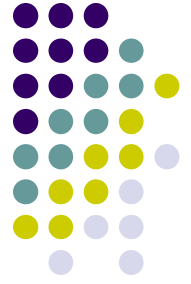
The first is to explore why perceived performance is low. Is it because actual performance is low generally? Or is it because perceptions have been influenced by negative experiences in one aspect of performance.

The second possible response is to check that the customer expectations are being properly managed. In other words, are customers gaining expectations which are out of line with organization's ability to perform?

6. Strategies for Managing Customer Expectations



And one more idea

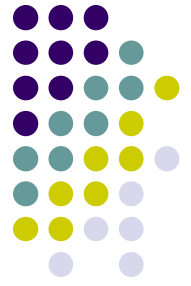


- All people have expectations that drive the way they interact, whether they are at a family gathering, attending a meeting, working on a project, managing a business, or even leading a country. Understanding these expectations and responding to them is an art for managers.

Expectation Management is the corresponding discipline, and the “how to” strategies described herein are techniques within that discipline.

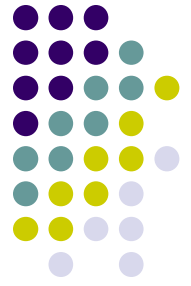
A careful mix of Expectation Management strategies that fit the environment in which you are working should help to ensure that the project sponsor’s and user’s know what to expect from the system prior to delivery. If there are any surprises, then let’s proactively make sure they are pleasant ones.

7. Customer Expectations to dairy product category at interex supermarket



- CDER Interex SA is the Romanian subsidiary of the French "Groupement des Mousquetaires". The group, known especially through Intermarché company is represented in eight countries, has ten brands and brings together 4000 specialist stores.
- Currently, the group holds in Romania 11 stores: Ploiești, Giurgiu, Târgu-Jiu, Satu Mare, Râmnicu-Vâlcea, Târgoviște, Sibiu, Bârlad, Târgu-Mureș, Turnu-Severin and Alexandria. The average selling area of a Romanian store is of 2,500 square meters, but there are stores of 1,200 square meters.

8. Methodological aspects of designing and conducting research



Research Objectives

- Knowledge of the extent to which dairy assortment of Interex supermarket meets customers expectations;
- Assessing the future behavior of the superstore's customers;
- Defining problems faced by Interex supermarket.



Research Hypotheses

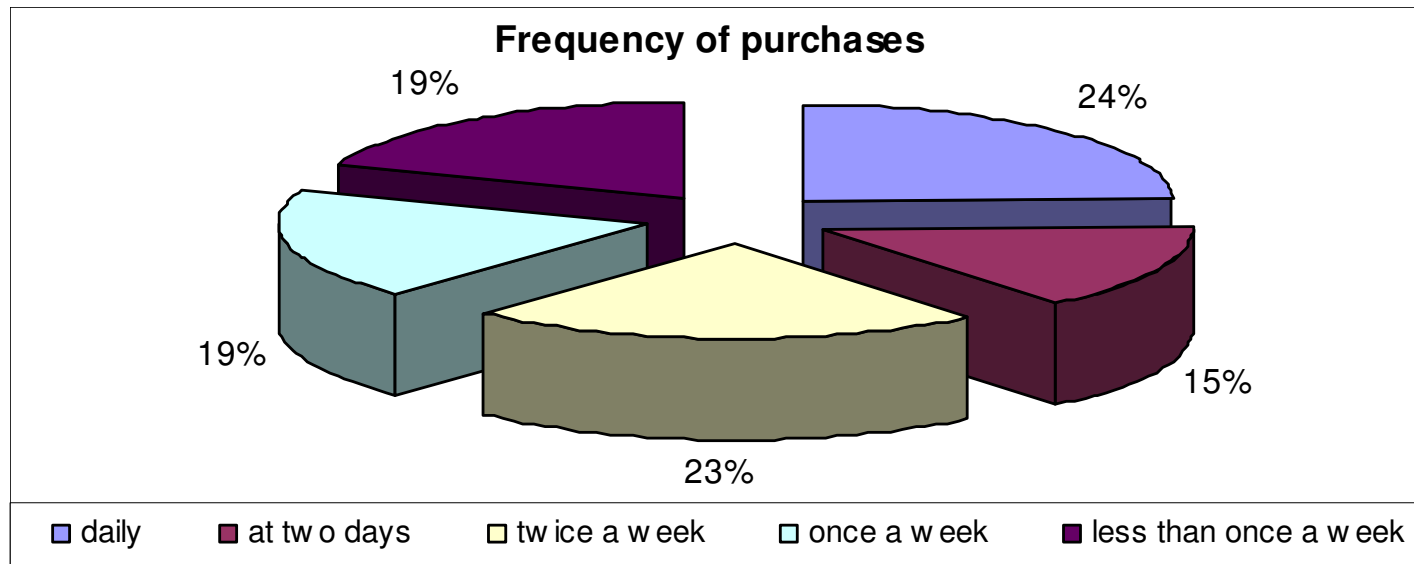
Assumptions that went this research are:

- Kaufland supermarket dominates retailing in Târgoviște for the five attributes: access, experience, price, product and service;
- The obstacles that Interex supermarket faces in meeting the needs and expectations are employees who are not trained and motivated to serve customers effectively, and inefficient channels of customer interaction and the low number of these channels;
- Interex supermarket's customers expect a correct presentation of products, highlighting the advantages, as well the less good parts, and create a loyalty program.

The results of field research



- **Question 1:** What is the frequency of purchases you make at Interrex supermarket?

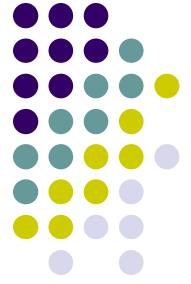


This question provides information on the frequency of purchase. After processing the data, it appears that about 24% of respondents are effective customers, because they said that they do daily shopping at Interrex supermarket. However, most respondents are occasional customers, as go out shopping once a week (19%) or even less frequently than once a week (19%).

Question 2: What is the average monthly assign for purchasing dairy products?

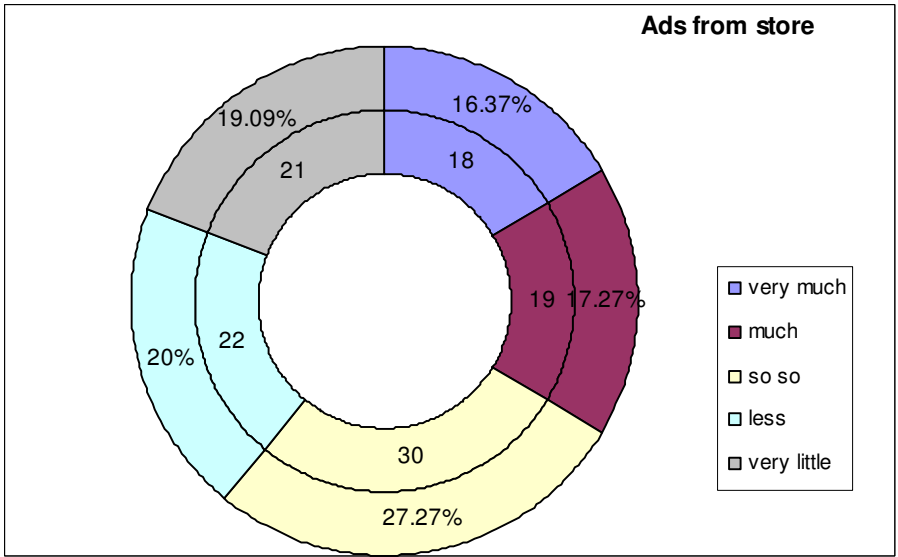
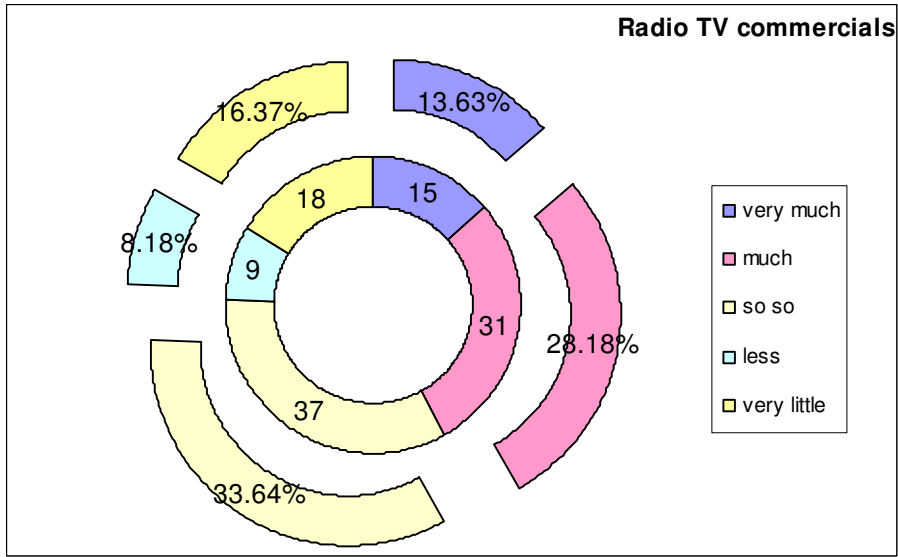
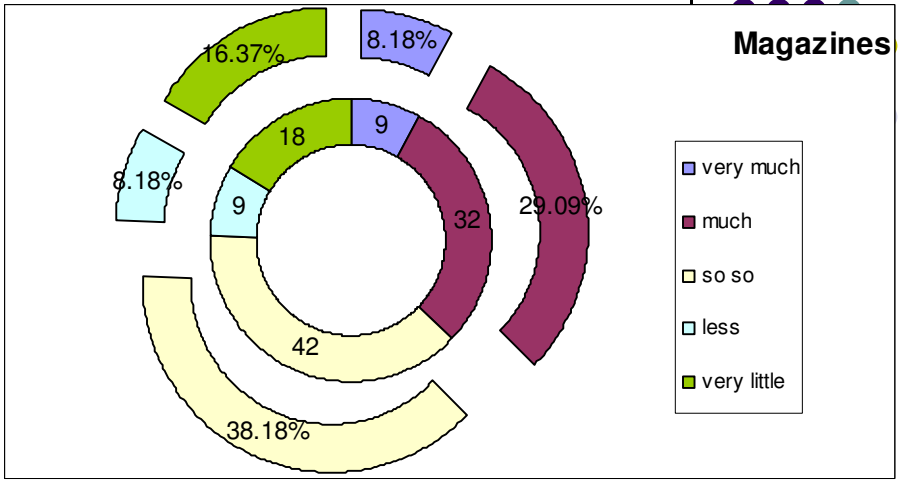
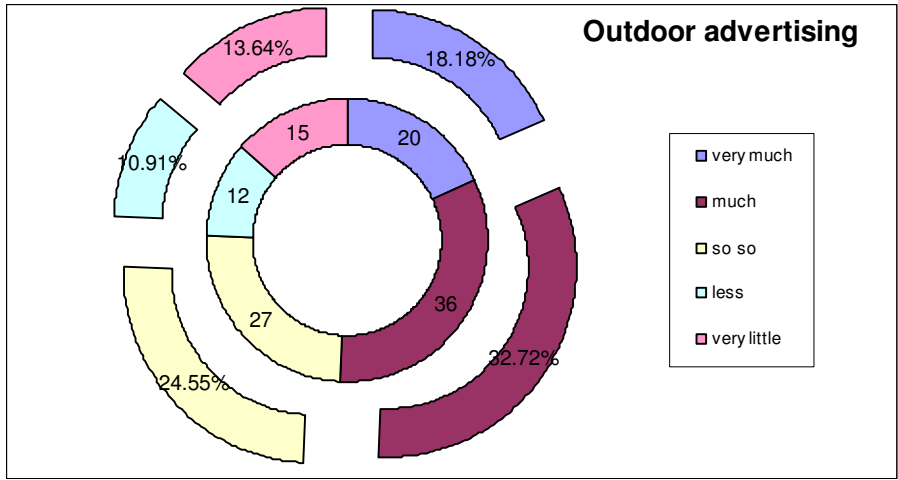


- Following achievement of the average amount given in response, it appears that a customer spends a month, about 49.30 RON for the purchase of dairy products.
- Responses were very different, respondents spent between 0 RON minimum and 150 RON maximum on dairy products; those who do not buy dairy products are part of the unemployed without income category.



Question 3: When choosing a supermarket to buy dairy products, how much advertising influences you (outdoor advertising, magazines, radio and TV)?

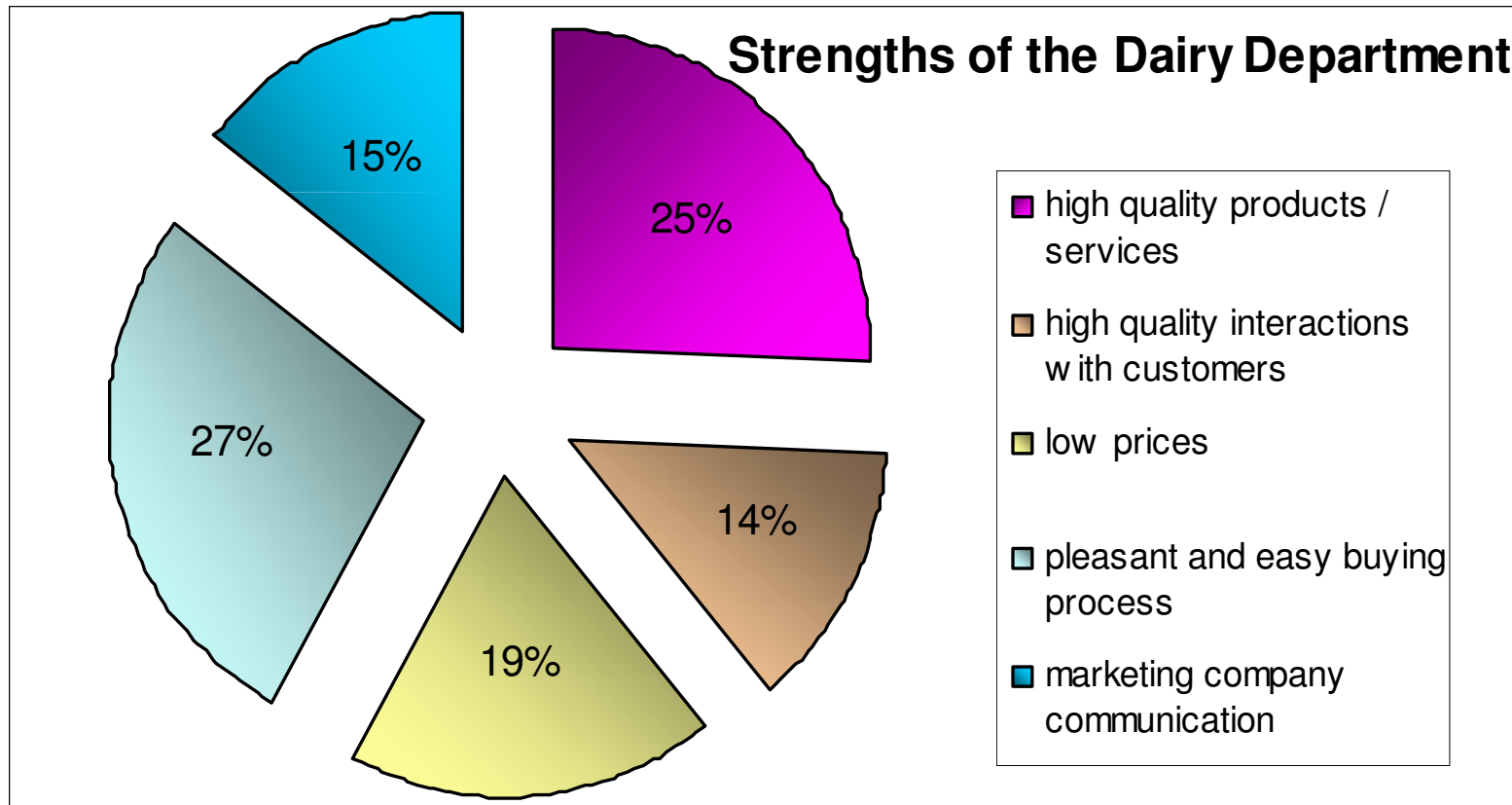
- Hierarchy scores obtained by the four types of ads studied is the following:
 1. outdoor advertising: 0.3
 2. radio-TV commercials: 0.15
 3. advertisements in magazines: 0.05
 4. advertisements in the store: -0.08.



Influence of the advertisements: outdoor, magazines, radio TV, in-store



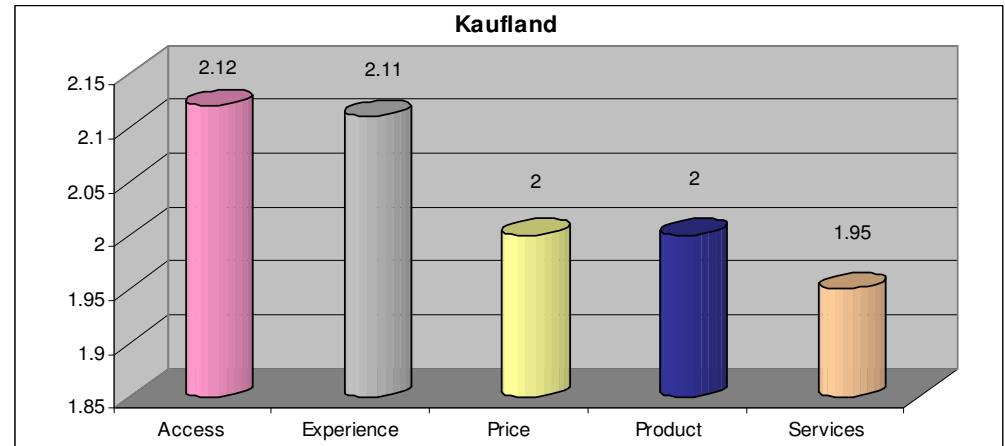
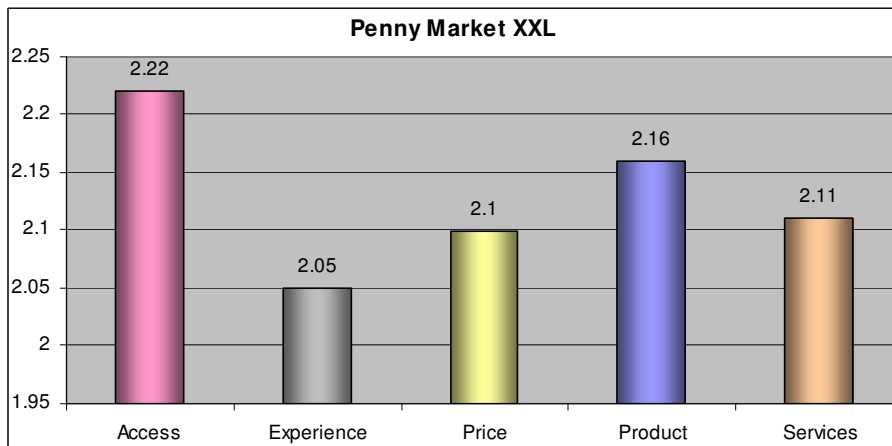
Question 4: Which do you think are the strengths of dairy district of Interex store, which can grow and maintain loyalty to this store?





Question 5: For the Dairy district, at what level do you think is Interrex supermarket, looking at the following attributes? For each attribute you can choose from the following levels:

Domination (3),
Differentiation (2) or
Acceptance (1),
where Domination is the highest.

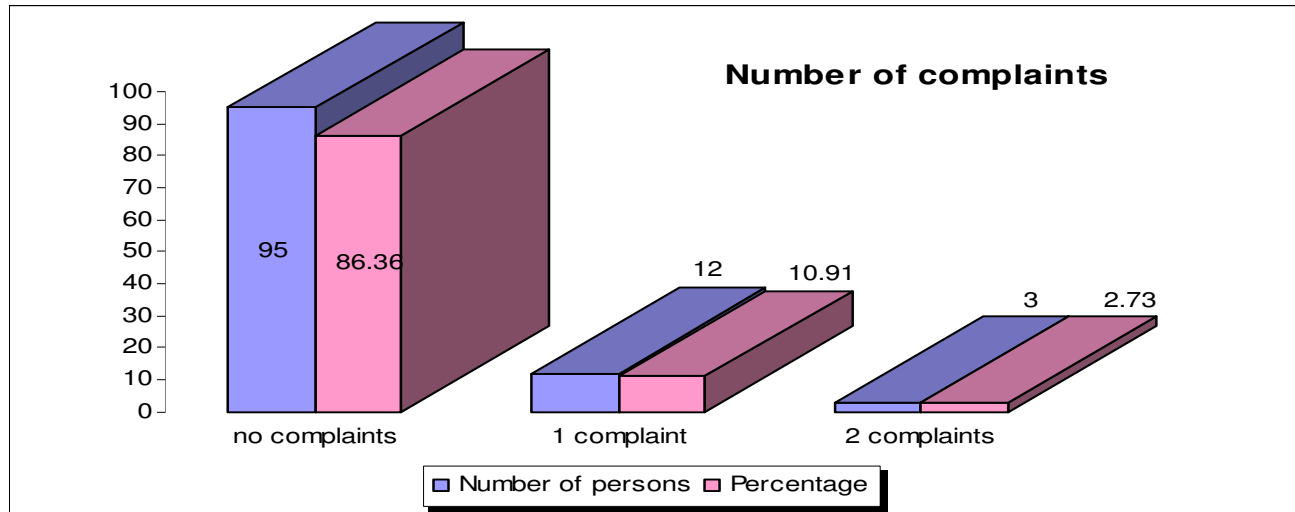
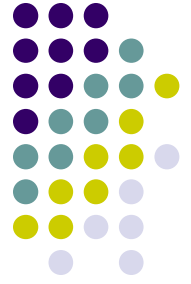




Question 6: To what extent would you recommend the dairy products from Interrex supermarket to friends / relatives / other people?

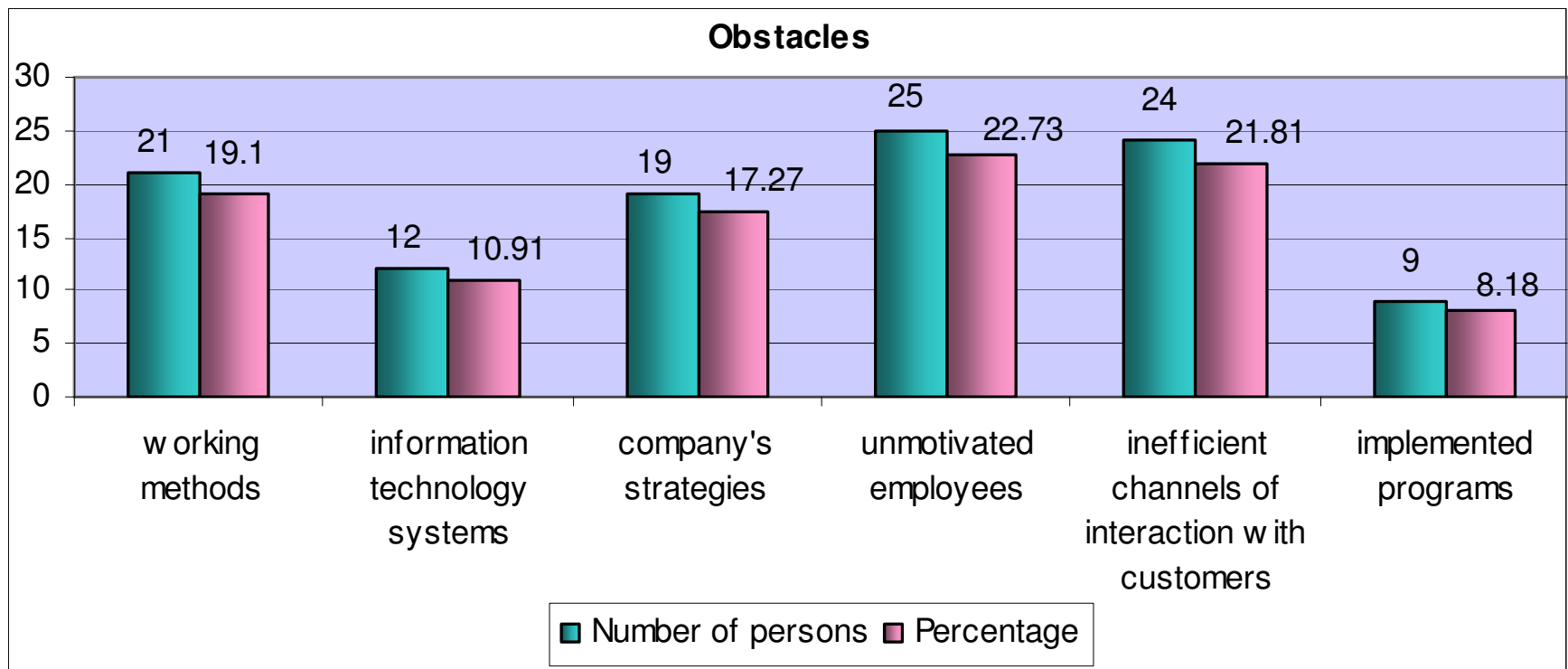
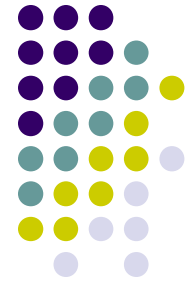


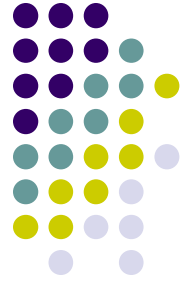
Question 7: In the last six months how many complaints have you made to the dairy department of the store?



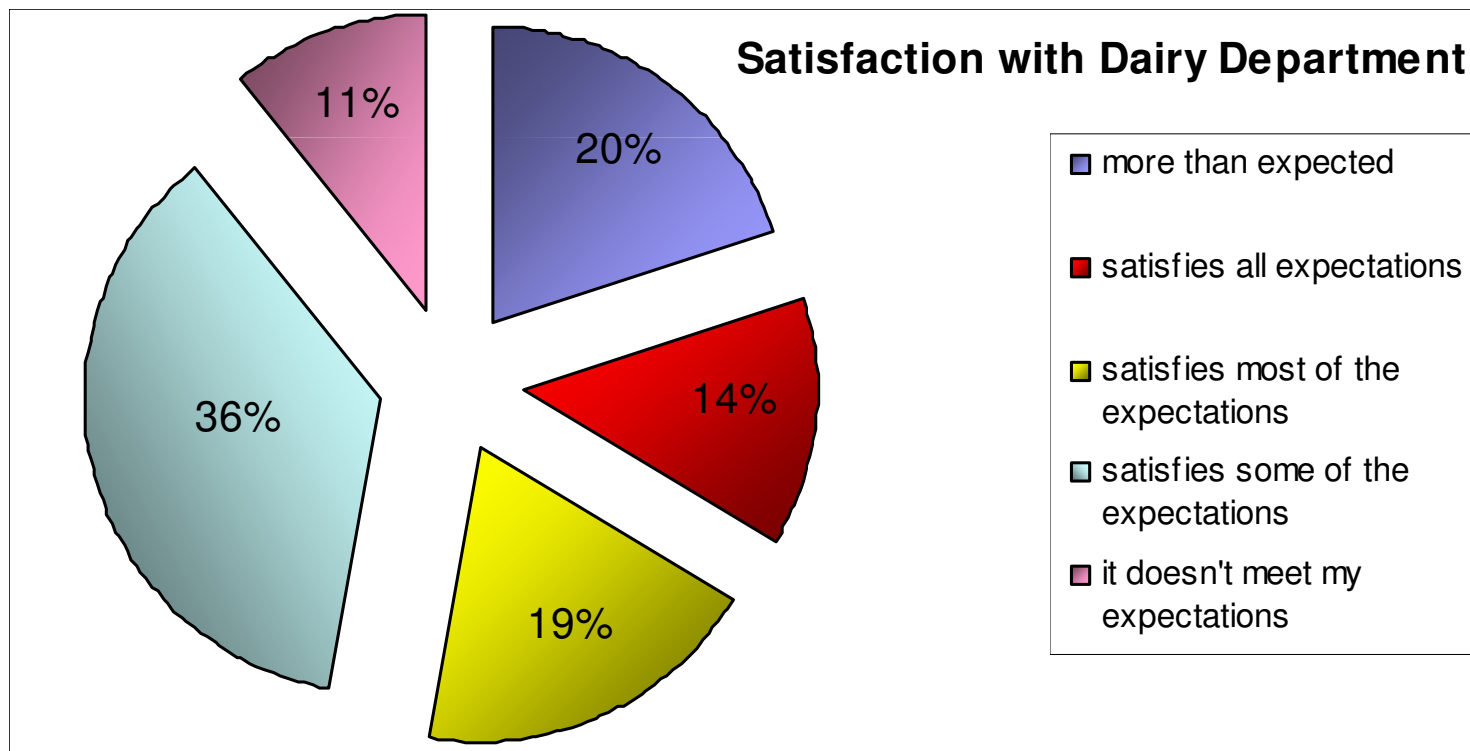
In this open question, respondents answered with 0, 1 or 2 complaints. Most, totaling 95 of the respondents answered that the last six months made no complaint to the dairy department of Interex supermarket, which shows that in general, customers had no reason for dissatisfaction with this department. 12 people said they have only one complaint and three people answered each two complaints.

Question 8: What do you think are the obstacles faced by Interex supermarket in meeting properly the needs and expectations?

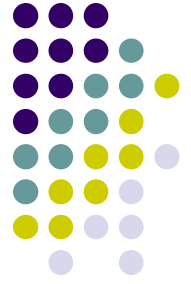




Question 9: Comparing the existing assortment of dairy products as you would find in a dairy department, to what extent are you satisfied with the dairy category at Interex supermarket?

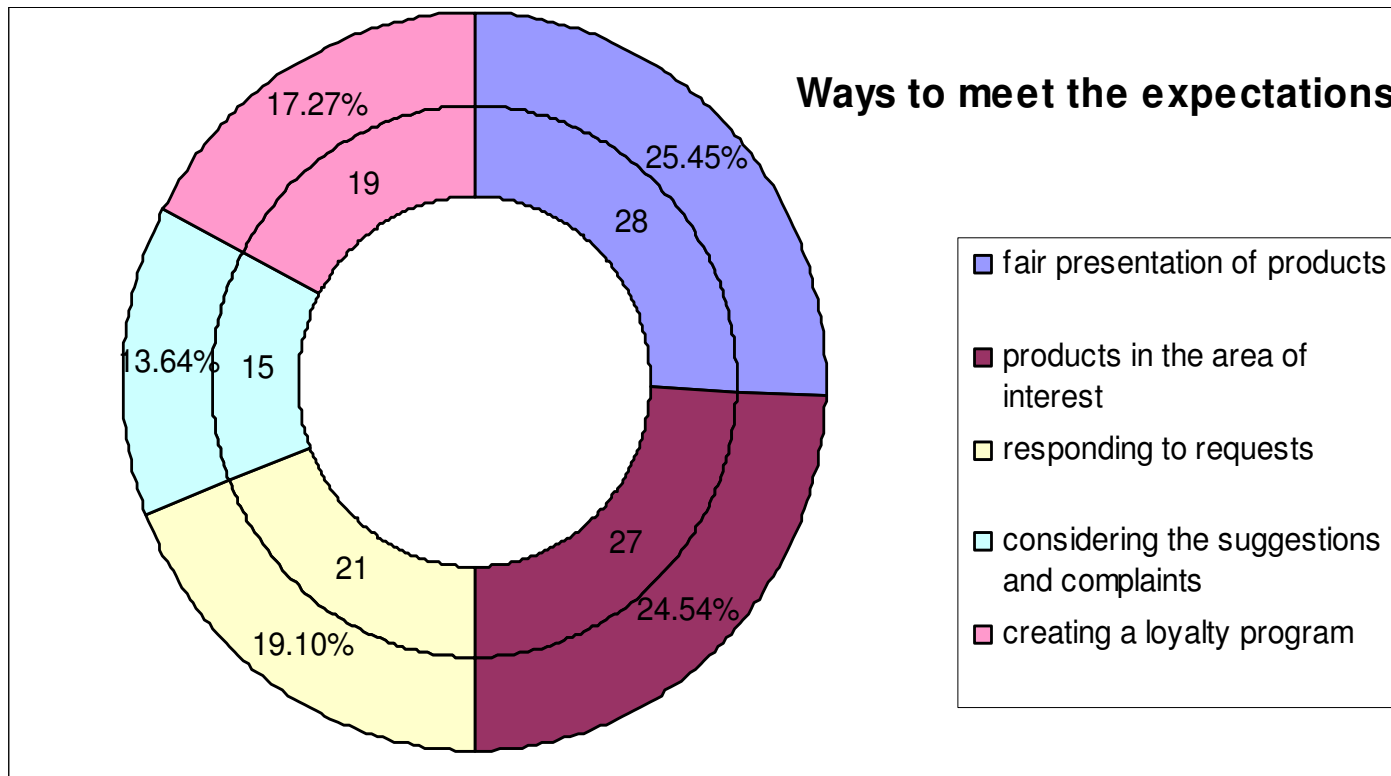
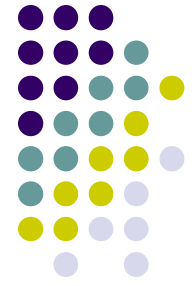


Customer behavior based on their satisfaction



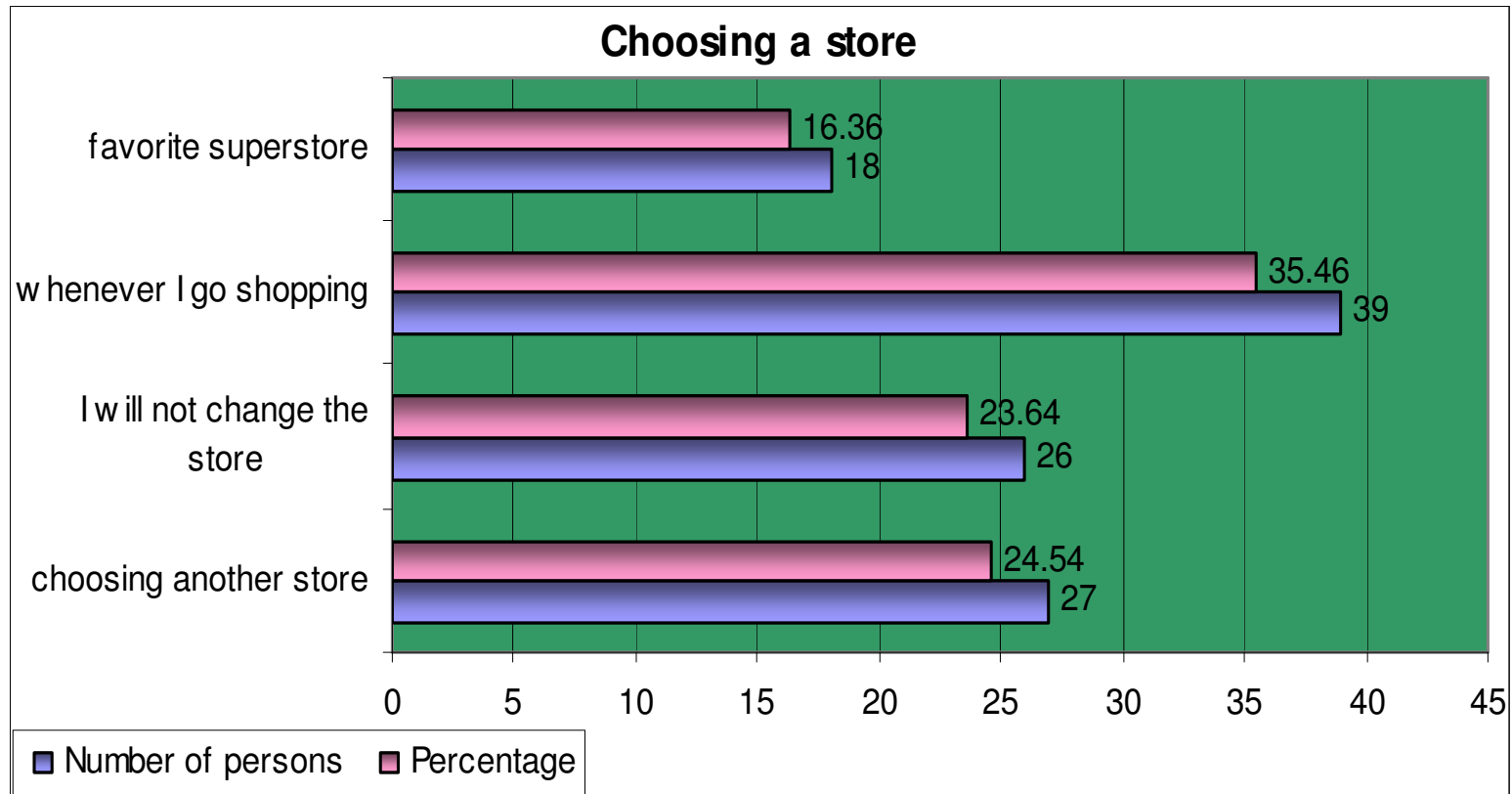
The figure above shows the extent to which a satisfied customer or not satisfied with the assortment of dairy products at Interex supermarket will recommend these products to people they know.

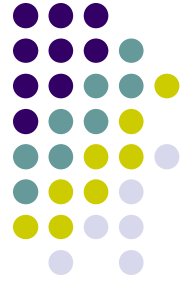
Question 10: With which of the following activities do you think Interex store can meet your expectations?



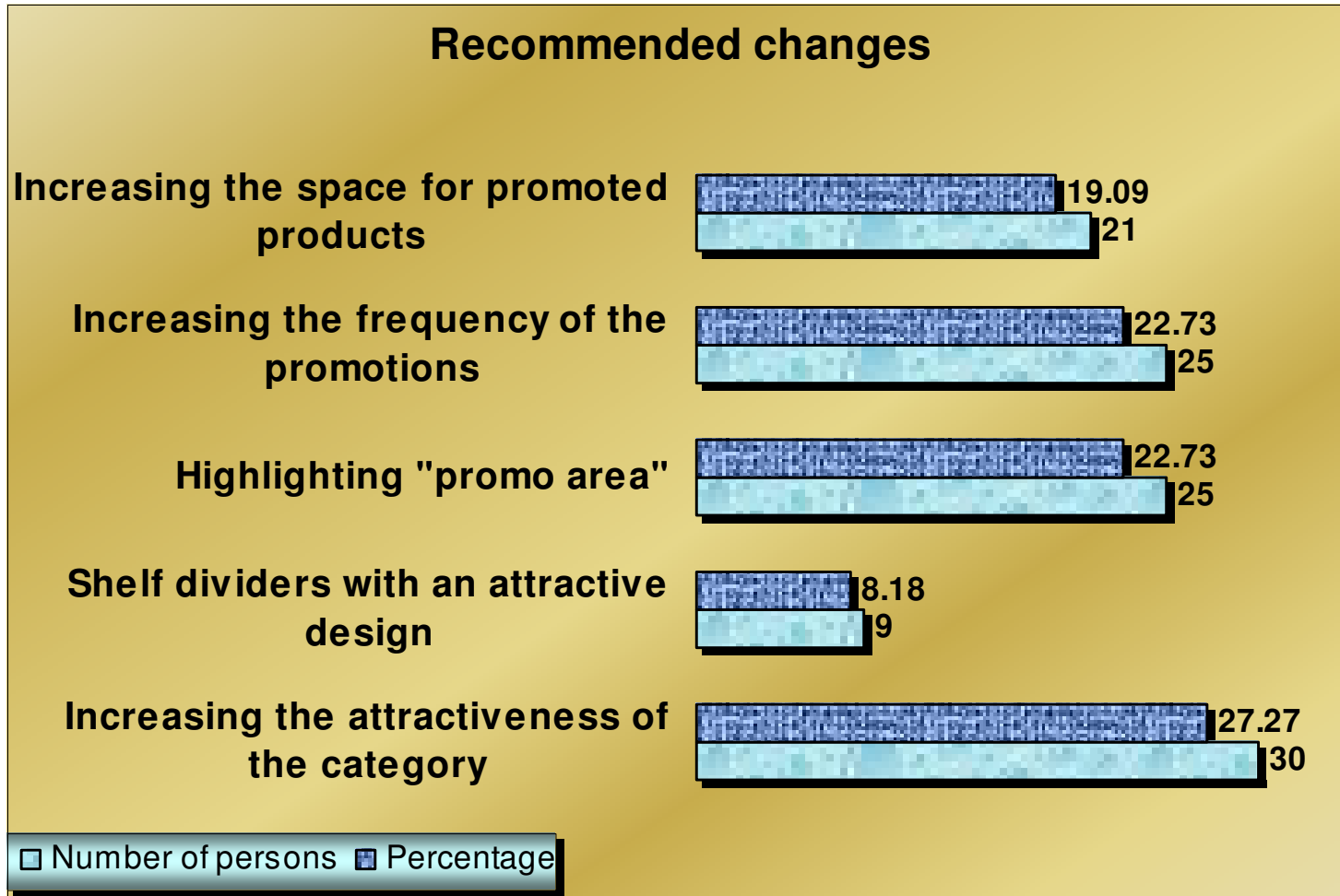


Question 11: Considering the relationship so far with Interex supermarket, what decision would make when you want to buy dairy products?

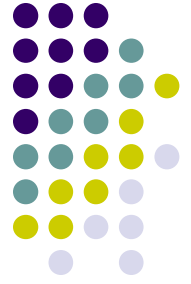




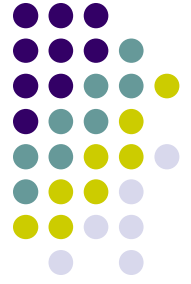
Question 12: What changes would you recommend to Interex store management to make the in the dairy department?



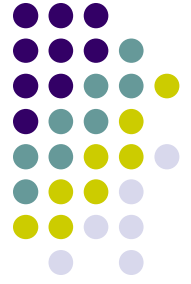
Conclusions and Recommendations



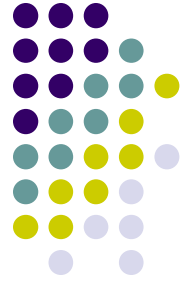
- The first research hypothesis, that Kaufland supermarket dominates retailing in Târgoviște at the five attributes: access, experience, price, product and service is infirmed because for all attributes, Penny Market XXL obtained, on average, best scores, being surpassed in attribute access by Interex supermarket and by Kaufland for experience attribute.



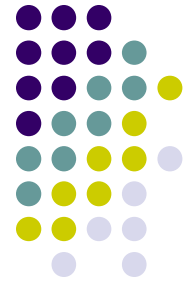
- The second hypothesis is confirmed because the study showed that the main obstacles faced by Interex supermarket in meeting the needs and expectations best are the employees who are not trained and motivated to serve customers efficiently, as well the inefficient channels of interaction with customers and the low number of these channels.
- The third hypothesis is confirmed as well, because when they enter the store, customers expect from Interex supermarket product fair presentation, highlighting the advantages, but also the less good parts, these types of requirements being the ones which have to be fulfilled.



- The degree of meeting customer expectations is a measure of company of success, the success will be achieved only if the store will be able to establish a close relationship with its customers.
- To establish this relationship with the client, Interex supermarket must identify appropriate methods and tools to assess customer satisfaction and loyalty of the most important clients, and improving internal and external relationship and partnership building relationships with loyal customers - this can be done by creating a loyalty program continuously and bring real benefits to both partners.



- Because a customer wants to be treated as a human being, he wants respect and understanding from the staff of a shop. To develop ties with customers Interex supermarket should provide these things to ensure, where possible, that future surprises from customers will be pleasant. *These will be translated into increased sales value and quantity, the high loyalty and customer satisfaction, increase customer and profit margins much higher than those of today.*
- Customer satisfaction and how to meet the expectations should be the medium and long term activities of the store management; this should not be interrupted and there all employees must be involved and trained to obtain quality results.



*THANK YOU FOR YOUR
ATTENTION!*