THE CUSTOMER IS ALWAYS RIGHT, RIGHT?

Honors Thesis

Presented in Partial Fulfillment of the Requirements
For the Degree of Bachelor of Science in Business Administration

In the Bertolon School of Business
at Salem State University

By

Alex McDonough

Dr. Robert B. "Ripp" Daniell
Faculty Advisor
Department of Hospitality Management

***

Commonwealth Honors Program
Salem State University
2018

ABSTRACT

The phrase "The customer is always right" is one that alludes to the fact that customer service is extremely important, especially in the retail industry. However, what does it mean for the customer to be right, all the time? In order to learn more about this a survey was developed and distributed to gauge consumers' thoughts and feelings on certain aspects of shopping, management, store policies, and customer service, amongst other things. The results of the survey led to implications that customers are not actually sure what they want. Respondents of the survey contradict themselves based on their answers on multiple questions. Additionally, the respondents' answers to these questions contradict prior research. The results of the survey and how the customers answered could have a huge effect on managers of the retail industry should handle customer problems.

Keywords: Customer Service, Retail, Management, Policies, Exceptions

Table of Contents

ACKNOWLEDGMENTS

I would like to first thank Dr. Ripp Daniell for extensively helping me get this research paper together. Whether it was helping develop the survey, continuously looking over the paper, or providing moral support, your efforts and help were crucial for helping me get this paper together. I would also like to thank anyone and everyone who responded to the survey. This research would not have been possible without the contributions of these respondents. Finally, thank you to anyone else who may have helped with completing this: family, friends, or other faculty members. The help of everyone is greatly appreciated.

INTRODUCTION

When asked about customer service, one might immediately think of a time they had a good customer service experience. Perhaps they were walking through their favorite retail store and their hands were full of merchandise. A sales associate noticed, and brought over a shopping cart for the customer to put his or her items in it, allowing them to continue shopping. Conversely, one may also think of a negative experience. Perhaps they purchased an item, tried it once, and that item broke. Upon returning the item, the store refused to provide a refund due to store policy.

When asked about customer service, people will immediately think back to certain moments where a store either provided a positive or negative experience. Although these are aspects of customer service, there is much more to customer service than just certain moments. They may also think of the phrase, "The customer is always right." However, are customers always right? This is an important question to have answered to be able to provide good customer service to customers. In order to better understand how to help customers, it is important to first understand more about what customer service actually is. Customer service can be split into two categories: person-to-person and person-to-nonperson customer service.

LITERATURE REVIEW

Person-to-Person Customer Service

The times when a representative of a store interacts with a customer seeking some manner of service is known as person-to-person customer service and is what most people will immediately think about when considering customer service. However, person-to-person customer service is multi-faceted in nature. There are three different aspects of person-to-person customer service: "moments of truth", recognizing clues, and humdrum interactions.

To begin, there is the concept of "moments of truth" which are "those few interactions (for instance a lost credit card, a canceled flight, a damaged piece of clothing, or investment advice) where customers invest a high amount of emotional energy in the outcome" (Beaujean, Davidson, and Madge, 2006). These "moments of truth" can happen when a customer has a problem, but can provide an opportunity for a store to, "create an emotional bond with a customer" (Beaujean, Davidson, and Madge, 2006).

Part of customer service is much more subtle. Consider the example where the customer was provided a shopping cart when their hands were full. This was not necessarily an emotionally charged moment, but still led to an opportunity for an associate to provide customer service. This is called recognizing clues. "Anything that can be perceived or sensed -- or recognized by its absence -- is an experience clue." (Berry, Carbone, and Haeckel, 2002). Although the customer did not expect or ask an associate to help him or her, the store associate noticed the customer's struggle, recognized the absence of a shopping cart, and provided the customer with one in order to help the customer.

The final aspect of person-to-person customer service is not emotionally charged, nor is it necessarily picking up on customer clues, but the everyday interaction the customer has with store associates. These are what Beajean, Davidson, and Madge (2006) call "humdrum" transactions. These transactions are not particularly high stake in any manner, but still provide an opportunity for store associates. In the case study "Starbucks: Delivering Customer Service" Youngme Moon and John Quelch (2006) talk about how Starbucks spends time training associates on "soft skills," which are more interpersonal skills. "In our training manual, we explicitly teach partners to connect with customers – to enthusiastically welcome them to the store, to establish eye contact, to smile, and to try and remember their names and orders if they are regulars" according to Jim Alling, Starbucks' senior vice president of North American Retail.

These normal and everyday interactions with customers are the interactions that Starbucks greatly values. Starbucks was willing to pay for it as well. According to Moon and Quelch (2006), the senior vice president of administration in North America, Christine Day believed investing in the stores is what was necessary in order to provide these interactions. She, along with her associates, believed Starbucks should invest $40 million into the 4,500 Starbucks stores at the time. This would provide about 20 extra hours of labor for the stores in order to "increase customer satisfaction" according to Day (2006).

As the name suggests, person-to-person customer service is consistent of the customer service where the customer interacts with an associate. This is a wide range of customer service situations, from highly emotional moments, to those everyday interactions. However, this still does not cover all aspects of customer service. It fails to consider aspects of customer service that do not need customer and associate interaction.

Person-to-Nonperson Customer Service

Person-to-nonperson customer service covers three additional areas of customer service: a store's website, expediency, and a store's design. With the increased usage of purchasing goods online, a company's website falls under this umbrella. According to *Net-Based Customer Service Systems: Evolution and Revolution in Web site Functionalities*, there are two factors of a website that are critical to a product's success: design and functionality. "A product's design often determines whether a prospective consumer will give it even a cursory examination" (Piccoli, Brohman, Watson, Parasuraman, n.d.). Think of the website as a jacket. If one is shopping for a jacket, the first thing the customer looks at is its design. It does not matter if it will keep that customer warm (functional), if it does not look good, the customer will not even try it on.

Another important area of person-to-nonperson customer service is expediency, which consists of convenience of accessing the store and speed of checkout. According to *Understanding Service Convenience*, "convenience is acknowledged to be increasingly important to consumers" (Berry, Seiders, Grewal, 2002). Two convenience factors Berry, Seiders, and Grewal mention are the locational proximity and hours-of-operation of the store. Locational proximity is how convenient the store is to other places. It can be convenient by being close to where you live or work, as an example. However, it could also mean being close to other popular stores. A retail store next to a grocery store could be an example because it allows one to run multiple errands in a close proximity. There is also hours-of-operation to consider, also consists of multiple parts. First, and once again the most obvious, is how long is the store open. However, it also considers if someone can get there after a day of work, or if it is open later than other stores in the area.

Speed of checkout also falls under the area of expediency. This is a very important factor in how one shops. Part of the reason why people are purchasing goods online is because of how quick it is. Once that person is done shopping, they can immediately check out without waiting in any lines. Think back to the case study with Starbucks, where they were planning on investing about $40 million into their stores. Part of the reason for this is because they wanted to be able to provide their stores with more labor, in order to reduce the time someone waits in lines.

The final aspect of person-to-nonperson customer service is the design of the store. This consists of multiple parts as well. First, is the layout of the store. Is the store easy to shop in? For example, if a store has a hair care section it would make sense that beauty items such as make-up are also in that general vicinity of the store. This would make it easier to shop in there. However, if shampoo was in one section of the store, then conditioner was in another part of the store, and make-up in a third area of the store, shopping there would be incredibly inconvenient.

The cleanliness of the store is another part of the design of the store as well. This does not necessarily mean how well swept the store, but how well kept the merchandise is or how neat a cashier's workstation is. These are all aspects of how clean a store appears to be. The cleanliness of the store is not something to be ignored. According to the survey Starbucks conducted with their customers, 83 percent of Starbucks' customers considered "having a clean store" to be highly important (Moon and Quelch, 2006).

Although person-to-person customer service consists of situations where a company could immediately lose a customer, it does not take away from the importance of person-to-nonperson customer service. Companies like Starbucks are investing great amounts of money into their stores, partly so that the employees can connect better with

customers, but primarily to increase the speed of checkout in the stores. Also, according to Moon and Quelch, the top two important attributes of customer satisfaction are having a clean store and the convenience of the store, which are both person-to-nonperson customer service areas. Although it may be hard to determine what area is more important, person-to-person or person-to-nonperson customer service, it is clear that customer service itself, is extremely important.

Importance of Customer Service

It appears that customer service is important to the consumers, and in turn, to retailers. According to Bajean, Davidson, and Madge (2006), retailers are devoting much more money into retaining customers because it is much cheaper to retain customers than to acquire new ones. They talk about a study where 85 percent of customers increased their values to a bank after a "moment of truth" customer experience that ended positively. On the other hand, 70 percent of customers "reduced their commitment" after a negative experience. Having positive customer experiences, unsurprisingly, will help retain customers.

It also makes sense why Starbucks feels that it is necessary to invest this much money into customer service as well. Starbucks ran a poll of their customers to find out what attributes of Starbucks was the most important to making the customer happy. Naturally, one may think that coffee, the primary product of a Starbucks, would be the most important attribute in customer satisfaction. However, this was actually the fifth attribute on the list. The first four were all related to customer service, which means customers value customer service more than product quality, according to this poll (Moon and Quelch, 2006). When looking at the same survey, five of the top seven most

important attributes to making a customer happy has to do with the customer service aspect of the store, and not coffee.

Researchers have determined that positive customer service in retail is vital. For this reason, managers should take customer service very seriously. Given this, the following research objectives follow:

Objective 1: To determine how retail managers should respond to customer complaints.

Objective 2: To determine how consumers respond to a negative or positive shopping experience.

Objective 3: To determine how consumers feel about customer service compared to other aspects of a shopping experience.

METHODS

In order to learn more about retail consumers, a survey was conducted asking these consumers personal questions about their history when shopping. Upon IRB approval, a survey link was shared through multiple social media outlets. Respondents were encouraged to share the survey with others as they saw fit. The survey was started by 113 respondents, and completed by 92 respondents for a response rate of 81.4%.

The survey assessed basic demographics such as age, gender, and household income as examples (see Table 1 for demographic information). Additional survey questions were designed to understand consumers' shopping history and attitudes towards shopping. This was done to learn more about consumers' general shopping habits, attitudes towards store policies, flexibility of store policies, and what they consider to be positive or negative shopping experiences. For general shopping habits, a question was "On average, how often do you shop for retail items…in a store…" The participant was

then given an option of choosing 0-1 days per week and then all the way up until 6-7 days, per week. Some questions allowed respondents to choose from a 7-point Likert scale, beginning with "strongly disagree" and ending with "strongly agree". An example of a question with this type of scale would be "Store management has the responsibility to always satisfy the customer." There were also a couple of questions that allowed the respondents to choose from different responses, when given a certain scenario. An example of this type of question is, "If I have a negative experience at a store…" and a possible response is, "I will complain to management immediately before leaving the store." Finally, there is a question in the survey that asks respondents to rank certain aspects of shopping in order from most important to least important.

RESULTS

An overview of the sample characteristics can be found in Table 1. Approximate household income along with gender is distributed fairly evenly. On the other hand, race and age are skewed to certain groups. For race, 96.7% of respondents identified as being white. The age group for respondents of the survey is skewed drastically towards those ages 18-24. This could potentially be a problem because the results could be closer to how younger people feel, rather than how consumers in general feel. However, on the other side of the coin, this may give insight into a changing pattern of how consumers may shop in the future. In order to learn more about basic consumer shopping habits, a question asked in the survey was, "on average, how often do you shop for retail items (clothing, groceries, etc.) in a store (i.e. not a website)?" (Table 2). Most of the respondents (47.8%) claim to shop about 2-3 times a week, with just below 40% of respondents saying they shop 0-1 times a week.

Table 1. Demographic information

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	56	60.9	60.9	60.9
	Male	35	38.0	38.0	98.9
	Prefer Not to Answer	1	1.1	1.1	100.0
	Total	92	100.0	100.0	

Race/Ethnicity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Multiple ethnicity / Other (please specify)	1	1.1	1.1	1.1
	Asian / Pacific Islander	1	1.1	1.1	2.2
	Black or African American	1	1.1	1.1	3.3
	White / Caucasian	89	96.7	96.7	100.0
	Total	92	100.0	100.0	

Average Household Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	$0-$24,999	17	18.5	18.5	18.5
	$25,000-$49,999	10	10.9	10.9	29.3
	$50,000-$74,999	17	18.5	18.5	47.8
	$75,000-$99,999	12	13.0	13.0	60.9
	$100,000-$124,999	18	19.6	19.6	80.4
	$125,000-$149,999	7	7.6	7.6	88.0
	$150,000-$174,999	3	3.3	3.3	91.3
	$175,000-$199,999	4	4.3	4.3	95.7
	$200,000 and up	4	4.3	4.3	100.0
	Total	92	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 to 24	53	57.6	57.6	57.6
	25 to 34	7	7.6	7.6	65.2
	35 to 44	3	3.3	3.3	68.5
	45 to 54	12	13.0	13.0	81.5
	55 to 64	12	13.0	13.0	94.6
	65 to 74	4	4.3	4.3	98.9
	75 or older	1	1.1	1.1	100.0
	Total	92	100.0	100.0	

Table 2. Retail Shopping Frequency

Retail Shopping Frequency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-1 times per week	36	39.1	39.1	39.1
	2-3 times per week	44	47.8	47.8	87.0
	4-5 times per week	11	12.0	12.0	98.9
	6-7 times per week	1	1.1	1.1	100.0
	Total	92	100.0	100.0	

In order to learn more about *Objective 1*, respondents of the survey were asked multiple questions that would help researchers learn more about how managers should respond to customer complaints. First, respondents were asked to comment on if they believed, "Managers and store associates should always stand by their store policy." When asked this, 79.3% of respondents agreed that managers and store associates should always stand by their policies. However, these respondents were then asked to comment

on if, "store management has the responsibility to always satisfy the customer" and if, "store management should satisfy the customer even if they have to make exceptions to store policy." In regards to these questions, 75.0% and 56.5% of respondents agreed with these statements, respectively.

Table 3. Management, Store Policies, and Customers

Managers and store associates should always stand by their store policies.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	1.1	1.1	1.1
	Disagree	1	1.1	1.1	2.2
	Somewhat Disagree	16	17.4	17.4	19.6
	Neither Disagree or Agree	1	1.1	1.1	20.7
	Somewhat Agree	28	30.4	30.4	51.1
	Agree	30	32.6	32.6	83.7
	Strongly Agree	15	16.3	16.3	100.0
	Total	92	100.0	100.0	

Store management has the responsibility to always satisfy the customer

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	4.3	4.3	4.3
	Disagree	6	6.5	6.5	10.9
	Somewhat Disagree	10	10.9	10.9	21.7
	Neither Disagree or Agree	3	3.3	3.3	25.0
	Somewhat Agree	39	42.4	42.4	67.4
	Agree	21	22.8	22.8	90.2
	Strongly Agree	9	9.8	9.8	100.0
	Total	92	100.0	100.0	

Store management should satisfy the customer even if they have to make exceptions to store policy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	3.3	3.3	3.3

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	13	14.1	14.1	17.4
Somewhat Disagree	18	19.6	19.6	37.0
Neither Disagree or Agree	6	6.5	6.5	43.5
Somewhat Agree	42	45.7	45.7	89.1
Agree	6	6.5	6.5	95.7
Strongly Agree	4	4.3	4.3	100.0
Total	92	100.0	100.0	

The next objective (objective 2) assesses how consumers respond to a negative or positive shopping experience. The vast majority of those surveyed expressed that they rarely have negative experiences. Slightly over 90% of respondents indicated having negative experiences between 0-30% of times shopping. Therefore, respondents' response to a negative store experience was assessed. Most of the respondents (57.6%), agreed that they would be most likely to tell friends or family about their negative experiences. Respondents were also likely to complain via a company's online survey, with 44.6% of respondents agreeing with this. Interestingly, forty-five percent of respondents also indicated that they would be likely to continue shopping at that store as if nothing had happened.

Table 4. Responses to Negative Shopping Experiences

I will tell my friends, family, or share it on social media.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	9.8	9.8	9.8
	Disagree	13	14.1	14.1	23.9
	Somewhat Disagree	9	9.8	9.8	33.7
	Neither Agree or Disagree	8	8.7	8.7	42.4
	Somewhat Agree	23	25.0	25.0	67.4
	Strongly Agree	30	32.6	32.6	100.0

1

Total	92	100.0	100.0

I will utilize the company's online survey to voice my complaint.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	10.9	10.9	10.9
	Disagree	28	30.4	30.4	41.3
	Somewhat Disagree	9	9.8	9.8	51.1
	Neither Agree or Disagree	4	4.3	4.3	55.4
	Somewhat Agree	25	27.2	27.2	82.6
	Strongly Agree	16	17.4	17.4	100.0
	Total	92	100.0	100.0	

I will continue to visit that store.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	4.3	4.3	4.3
	Disagree	8	8.7	8.7	13.0
	Somewhat Disagree	15	16.3	16.3	29.3
	Neither Agree or Disagree	23	25.0	25.0	54.3
	Somewhat Agree	27	29.3	29.3	83.7
	Strongly Agree	15	16.3	16.3	100.0
	Total	92	100.0	100.0	

Respondents were also asked about positive experiences. Those surveyed were asked to talk about how they would respond to the following phrase: "If a manager or store associate makes an exception to store policy to ensure my satisfaction." To begin with, 95.6% of respondents agreed that they would consider this a positive experience. Additionally, 96.7% of respondents felt that they not only would be more willing to revisit the store, but also 89.2% of the respondents would be likely to then share this positive experience with friends, family, or on social media. Interestingly, however, although they claim they would be more willing to revisit the store and share these experiences, 51.1% of the respondents felt that their shopping habits at the store would not change.

Table 5. Responses to Positive Shopping Experiences

I would consider it a positive experience.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neither Disagree or Agree	4	4.3	4.3	4.3
	Somewhat Agree	12	13.0	13.0	17.4
	Agree	51	55.4	55.4	72.8
	Strongly Agree	25	27.2	27.2	100.0
	Total	92	100.0	100.0	

I will be more likely to revisit the store in the future.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	1	1.1	1.1	1.1
	Neither Disagree or Agree	2	2.2	2.2	3.3
	Somewhat Agree	7	7.6	7.6	10.9
	Agree	47	51.1	51.1	62.0
	Strongly Agree	35	38.0	38.0	100.0
	Total	92	100.0	100.0	

My shopping habits at this store will not change.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	11	12.0	12.0	12.0
	Somewhat Disagree	9	9.8	9.8	21.7
	Neither Disagree or Agree	25	27.2	27.2	48.9
	Somewhat Agree	17	18.5	18.5	67.4
	Agree	27	29.3	29.3	96.7
	Strongly Agree	3	3.3	3.3	100.0
	Total	92	100.0	100.0	

I will share the positive experience with my friends, family, or on social media.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	2	2.2	2.2	2.2
	Somewhat Disagree	2	2.2	2.2	4.3
	Neither Disagree or Agree	6	6.5	6.5	10.9
	Somewhat Agree	23	25.0	25.0	35.9
	Agree	41	44.6	44.6	80.4
	Strongly Agree	18	19.6	19.6	100.0
	Total	92	100.0	100.0	

Finally, there was a desire to learn more about how customers rank certain aspects of a shopping experience against each other (*Objective 3*). In order to do this, respondents were asked to rank certain aspects of a shopping experience (customer service, price, convenience/store location, and product quality) in order from most important to least important. In order to rank the importance of each aspect of shopping, a number was assigned to each ranking: 1 would be the most important to 4 being the least important aspect. This means that the lower the average score, the more important that aspect of shopping is to the respondents.

According to respondents, the most important aspect of their shopping experience is the product's quality, where the average score given was 2.10. Of the 92 respondents, 34 believed that product quality was the most important aspect of a shopping experience and 27 believed it was the second most important. The pricing of products is the second most important aspect of a shopping experience with an average score of 2.29. This was considered the most important by 25 of the respondents of the survey, and second most important by 58 respondents.

1

Customer service and convenience/store location finished as third and fourth most important aspects of a shopping experience, respectively. Customer service finished with an average score of 2.74 where 26 of the respondents believed it to be the 3 most important aspect of a shopping experience, followed by 30 believing it to be the least important. Convenience/store location finished as the least important aspect of customer service with an average score of 2.87. For convenience, 23 respondents believed it to be the third most important aspect of shopping, but 36 respondents believed it to be the least important aspect of a shopping experience.

Table 6. Importance Aspects of Shopping

Product Quality

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	34	37.0	37.0	37.0
	2	27	29.3	29.3	66.3
	3	19	20.7	20.7	87.0
	4	12	13.0	13.0	100.0
	Total	92	100.0	100.0	

Price

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	25	27.2	27.2	27.2
	2	29	31.5	31.5	58.7
	3	24	26.1	26.1	84.8
	4	14	15.2	15.2	100.0
	Total	92	100.0	100.0	

Customer Service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	18	19.6	19.6	19.6
	2	18	19.6	19.6	39.1
	3	26	28.3	28.3	67.4
	4	30	32.6	32.6	100.0
	Total	92	100.0	100.0	

Convenience/Location of store

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	15	16.3	16.3	16.3
	2	18	19.6	19.6	35.9
	3	23	25.0	25.0	60.9
	4	36	39.1	39.1	100.0
	Total	92	100.0	100.0	

DISCUSSION

Based on the findings surrounding *Objective* 1, retail managers may be faced with a predicament. Although almost 80% of the respondents believe that managers should always stand by their store policy, 75% of the respondents believe that managers should always satisfy the customer, and about half believe that they should satisfy customers even if it means going against store policies. Some believe that it is important to provide good customer service because of how competitive the retail industry has become. Providing high quality service is a good strategy for a retailer to gain a competitive advantage (Dabholkar, Thorpe, and Rentz, 1996).

Although this is a good way to gain a competitive advantage, it may not necessarily explain the disconnect between consumers' feelings towards store policies

and whether or not managers should always honor them. What may help explain this disconnect is the expectancy/disconfirmation theory. This is the idea that consumers have an expectation of what a performance should be based on prior experience and is evaluated against the current performance they receive (Caruana, 2000). This may help explain why respondents believe managers should always stand by their policies, but should also do whatever it takes to make the customer happy. It could be that rather than the belief that managers *should* stand by the store's policies, respondents actually believe that managers *do* always stand by their store's policies. This belief more than likely emanates from prior experiences. However, they feel as though managers should make exceptions in order to satisfy the customer, as 95.6% of the respondents responded by saying that they would consider it a positive shopping experience. Once again, the expectation is that store managers will always stand by their store policies, so when a manager makes exceptions to these policies to help a customer, then the customer believes the experience was better.

Although being able to make exceptions to store policies in order to satisfy the customer can help businesses gain a competitive advantage by providing better customer service, it can also lead to complications for managers if it is not done correctly. For example, on January 23, 2018, a black customer went into a Starbucks and asked to use the restroom, which had a code on it to keep non-paying customers from using it. The man was denied the code because he had yet to buy anything. However, when a white customer had exited the bathroom, the black customer asked him if he had purchased anything before getting the code, which the other customer had not (Lapin, 2018). Making exceptions to store policies can be good for business, but if not done carefully and correctly, it could open that business up to discrimination cases.

Objective 2 is concerned with how consumers respond to positive or negative shopping experiences *(Objective* 2). The most poignant finding regarding this objective are the respondents' shopping habits. Regardless of whether the shopping experience was good or bad, about half of the respondents said that their shopping habits would not change. This finding is interesting because basic knowledge of consumer behavior would suggest that there would be a direct relationship between customers' shopping experiences and how much they shop at a store. Prior research would also refute this finding as well. Prior research would also show that there is a correlation between, "store satisfaction and store loyalty" (Bloemer and Ruyter, 1997).

Prior research shows that customers will shop at a store more often when they receive better customer service, which is somewhat inconsistent with the findings of this study. Respondents claim that regardless of the shopping experience their shopping habits would not change. Two demographic factors may help explain this. For starters, slightly over 57% of the respondents of the survey were in the age range from 18-24. This may be a sign of new consumer behaviors where customer service may not be as much of a factor as it is with older consumers. Frequency of shopping may also explain the inconsistency of our findings. The respondents of the survey do not appear to shop much with almost 87% of respondents shopping 3 times or less a week, of this, 40% shop 0 to 1 times a week. This can help explain why customer service may not mean as much to these respondents because they do not shop enough for the shopping habits to change much. It could also be that the respondents will shop when necessary, which means that customer service may not mean as much because they are shopping out of necessity. In order to learn more about this, future research could ask why consumers shop, and determine if there is a connection between those who shop casually versus out of necessity.

The final objective (Objective #3) assessed how consumers rank customer service with other aspects of shopping. Respondents said that the most important aspect of shopping to least important was product quality, price, customer service, and then convenience of store location. If consumers do not seem to care as much about customer service as other aspects of a shopping experience, then why are companies putting so much emphasis on customer service? The reason for why companies care so much about customer service is most likely for the reason that Dabholkar, Thorpe, and Rentz (1996) bring up, where it helps companies gain a competitive advantage.

Consumers putting price as an aspect of shopping above customer service does help explain the current "retail apocalypse." This so-called "apocalypse" began when the Great Recession began affecting the United States around 2009 and has continued to close retailers across the nation ever since (Boerschinger, Pansch and Lupini, 2018). However, not all retailers are doing poorly. In fact, during a similar time period and even before the Great Recession, the discounted retailers are actually succeeding and continuing to grow, while full-priced retailers are closing (Lamey, 2012). Discount retailers are willing to sacrifice "store layout and customer service in order to keep product prices down" (Lamey, 2012). This seems to coincide with how the respondents of the survey felt as well, where they ranked price as a more important aspect of a shopping experience than customer service.

What this suggests is that it is not the consumers that care about customer service, but rather the retailers that care. Respondents of the survey say this when ranking customer service third behind product quality and price. The respondents also hint at this when they say having positive or negative shopping experiences does not substantially affect their shopping habits at a particular store, as discussed with *Objective 2*. If the

customers do not care about customer service, then why do retailers? The reason why

retailers care is because it can help them build a competitive advantage against rival

companies. Additionally, although customer's shopping habits do not appear to

substantially change, they are willing to talk about their shopping experiences, especially

their positive experiences.

MANAGERIAL IMPLICATIONS

This section is based on the author's suggestions for managers of the retail

industry on how to properly provide customer service. These suggestions are based on the

research of what customer service actually is, and the results of the survey. There are two

suggestions that are important to managers of the retail industry: manage expectations

and proper training.

Manage Expectations

Expectations need to be managed as a retail manager. What this means is that

customers are expecting store policies in retailers. However, if managers are allowed to

make exceptions to these store policies, which they should be, then that store is almost

guaranteeing positive customer service, in the eyes of the customer. For example, if the

customer wants to return a used coat because it ripped after a couple of uses, the manager

should inform the customer of their store policy that says they do not return used

merchandise. However, after that they should explain to the customer that the store will

make an exception to this policy, based on the circumstances, and that they would be

willing to do so for this one instance. This does a couple of things. First, it informs the

customer of what the store policy is. However, it also informs the customer that the store

is making an exception in order to make sure the customer is happy. Finally, it also

makes the customer aware that this is not necessarily normal, and if that customer

attempts to do the same in thing in the future, they are aware that the same exception may not be made.

Proper Training

Proper training is key when it comes to providing this type of customer service. First, the managers have to be properly trained on how and when to make exceptions. The reason for this is when managers start making exceptions to store policies, it opens the opportunity for managers to make decisions on personal bias. This is both unethical and a liability for the company. Take the Starbuck's bathroom example that was mentioned earlier. A manager made an exception to a store policy for one customer, who was white, and did not make the same exception for another customer, who was black. If a manager is willing to make an exception for one customer, that manager must be willing to make that exception for all customers.

Store associates also need to be properly trained on handling customer interactions. The best way for a store associate to handle a customer interaction is by managing a customer's emotion. It is easier to work with a customer when they are calm rather than angry. In order to keep a customer from getting angry, there is an easy process for an associate to take. Use an example where a customer wants to return a jacket that has been worn, and there is a store policy that says customers are not allowed to do so. The associate should NOT tell a customer that they cannot return it because of a store policy. What that associate should do is inform the customer of the store policy, and then tell the customer that they are going to ask a manager if an exception can be made to the store policy. This keeps the customer from getting angry, and allows the manager to utilize their training in order to provide a positive experience for the customer.

CONCLUSION

"The customer is always right" is a phrase that is often thrown around in service industries, especially retail. This phrase seems to represent how to provide good customer service, by just assuming that the customer is right. There is more to customer service than just the customer's interaction with associates, however. Although person-to-person interaction is important, the customer being right does not necessarily speak to person-to-nonperson customer service, which occurs without customer-associate interaction. Another issue with this phrase was found in the results from the survey. In multiple examples, the respondents of the survey contradicted what they felt to be important. If the customer is always right, then managers should always stand by their store policy. However, if the customer is always right, then managers should always make exceptions to store policies to make the customer happy. What is the customer always right about? In a sense, the customer cannot be wrong about what they feel is important to them, but figuring out what is important is the tough challenge for the store associates and managers. What this means is that managers need to be properly trained on managing expectations of the customers in order to provide customer service. The customer may always be right, but even the customer does not know what they are always right about.

Work Cited

Beaujean, M., Davidson, J., Madge, S. (2006). The 'moment of truth' in customer service. *The McKinsey Quarterly (1)*. 63-71. Retrieved from: http://ibrahimm.com/Financial%20Research%20and%20%20Tools/McKinsey%20Articles%20BANKING%20AND%20FINANCE/Customer%20Service.pdf

Berry, L. L., Carbone, L. P., & Haeckel, S. H. (2002). Managing the Total Customer Experience. *MIT Sloan Management Review, 43(3)*. 1-7. Retrieved from: https://www.researchgate.net/profile/Lewis_Carbone/publication/266277275_Managing_the_Total_Customer_Experience_Managing_the_Total_Customer_Experience/links/55929abc08ae16f493ee285f.pdf

Berry, L. L., Grewal, D., Seiders, K. (2002). Understanding Service Convenience. *Journal of Marketing, 66*. 1-7. Retrieved from: http://www.dhruvgrewal.com/wp-content/uploads/2014/09/2002-JM-SERVICE-CONVENIENCE-MODEL.pdf

Bloemer, J. & de Royter, K. (1997). On the relationship between store image, store satisfaction, and store loyalty. *European Journal of Marketing, 32 (5/6)*. 499-504. Retrieved from: http://digitalarchive.maastrichtuniversity.nl/fedora/get/guid:e1ccf20a-a30d-44ee-8ece-f78460611749/ASSET1

Boerschinger, O., Lupini, M., Pansch, J. (2018). Surviving the Retail Apocalypse: Charting the Future of Retail in Ramsay. 1-4. Retrieved from: https://conservancy.umn.edu/bitstream/handle/11299/193397/11a-PA%205211-Report-2.2.18.pdf?sequence=1&isAllowed=y

Brohman, M. K., Parasuraman, A., Piccoli, G., & Watson, R. T. (n.d.). Net-Based Customer Service Systems: Evolution and Revolution in Web site Functionalities. 2-10. Retrieved from http://people.terry.uga.edu/rwatson/mist7650/evo%26rev.pdf

Caruana, A. (2000). Service loyalty. The effects of service quality amd the mediating role of customer satisfaction. *European Journal of Marketing, 36 (7/8)*. 810-817. Retrieved from: https://www.researchgate.net/profile/Albert_Caruana/publication/235318773_Service_Loyalty_The_Effects_of_Service_Quality_and_the_Mediating_Role_of_Customer_Satisfaction/links/00b4952850f967d64e000000.pdf

Dabholkar, P. A., Rentz, J. O., & Thorpe, D. I. (1996). A Measure of Service Quality for Retail Stores: Scale, Development, and Validation. *Journal Of The Academy Of Marketing Science, 24 (1)*. 3-8. Retrieved from: http://download.xuebalib.com/xuebalib.com.20200.pdf

Lamey, L. (2012). Hard Economic Times: A Dream For Discounters. 2-6. Retrieved from: https://lirias.kuleuven.be/bitstream/123456789/365782/3/2016-01-21+-+hard+economic+times+a+dream+for+discounters+.pdf

Lapin, T. (2018). Black man claims he was barred from using Starbucks bathroom. *New York Post*. Retrieved from: https://nypost.com/2018/04/17/video-shows-black-man-barred-from-using-starbucks-bathroom/

Moon, Y. & Quelch, J. (2006). Starbucks: Delivering Customer Service. *Harvard Business School, 9-504-016*. 1-20. Retrieved from: https://s3.amazonaws.com/academia.edu.documents/44207169/C_Starbucks_Delivering_Cust.pdf?AWSAccessKeyId=AKIAIWOWYYGZ2Y53UL3A&Expires=1525882391&Signature=UScIgeEFfVK426WqoFDhsFybxNM%3D&response-content-disposition=inline%3B%20filename%3DStarbucks_Delivering_Customer_Service.pdf