

**IMPROVED CUSTOMER SERVICE: ITS INFLUENCE
ON ACHIEVING INCREASED SALES AND PROFITS
IN THE RETAIL MARKET; A CASE STUDY OF
SOWBAGHYA PVT. LTD, T-NAGAR, CHENNAI,
INDIA**

Bright Nyamekye¹, Dr. Devaraj Badugu²

¹Ph.D Scholar, Marketing, Joseph School of Business Studies, SHIATS

Allahabad, Utter Pradesh, (India)

²Associate Professor and Head of Marketing Department, Joseph School of Business Studies, SHIATS

Allahabad, Utter Pradesh, (India)

ABSTRACT

Gone are the days when marketers thought the most important skill was the ability to find new customers. Marketers were only concerned with making immediate sale to the customer and not necessarily retaining them. They focused their marketing strategies around attracting new customers and increasing their market share. They were more happy with new customers and serviced their current customers with less attention. Modern day selling by marketers is the reverse. Selling is now based on excellent customer service, skills, care, knowledge, trust, and building a long lasting relationship with the customer in order to keep them coming back. Due to globalization, more industries and markets are becoming more and more competitive forcing significant changes in the businesses operate. Improving customer service contributes to satisfaction and repeat purchases which is absolutely crucial not only for profits but also the business' survival. Good customer service is all about bringing customers back. And about sending them away happy - happy enough to pass positive feedback about your business along to others. The research, which is a descriptive study was to the influence of improved customer service on the achievement of increased sales and profits in the retail market. Simple random sampling method was used to select 60 respondents who were full time management and staff of Sowbaghya Pvt. Ltd, T-Nagar, Chennai, India. The Primary data was collected from the respondents with the help of structured opened and closed-ended questionnaires. The formulated hypotheses were subjected to regression, t- test, rankings and chi-square analyzes. The findings of the study reveal that improved customer services rendered to customers contribute greatly to the achievement of increased sales and profits. Moreover, the company's continuous efforts to offer good customer services have major implications on customer loyalty which keeps them coming back . It is recommended that the firm continuously nurture and build on the relationship with customers to reach its stated objective and maintain its position in the market.

Keywords: Customer service, improved, increased sales, maketing strategies, relationship.

I. INTRODUCTION

Today, customers have become more knowledgeable and choosy in terms of their needs and wants. Satisfying and delighting the customer with respect to desired needs and wants is absolutely crucial not only to gain competitive advantage but also for the business' survival. Today, any business needs repeat customers to survive. Customers have become more knowledgeable and choosy in terms of their needs and how they are treated by products and service providers. To win them, a business needs to offer excellent customer service that will make customers feel happy.

Excellent customer service allows customers to spread positive word of mouth to others who may then try the product or service you offer for themselves and in their turn become repeat customers. Good customer service is the lifeblood of any business. The kind of services given to the customer before, during and after the purchase of the product has an influence on his/her decision to make repeat purchases. You can offer promotions and slash prices to bring in as many new customers as you want, but unless you can get some of those customers to come back, your business won't be profitable for long.

For the retail market to grow and achieve an increase in sales and profits coupled with high market share, it should be able to offer improved services that appeal to customers. This will definitely lead to higher profitability and growth of the business as a result of increased sales.

II. REVIEW OF LITERATURE

Many articles by renowned marketing gurus seem to elaborate on the need for good and quick services to delight customers. Today, the customer's experience with the business on his first transaction with the business has a major implication on his decision for further repeat purchases.

According to Kotler (2006)¹, bad customer service can translate into lower sales and may eventually lead the collapse of a business in the long run. They indicated that, good customer service, however, can increase your sales and the number of business referrals that you receive.

Amstrong (2006)¹ also indicated in his book "The link between customer service and sales revenue" that, all successful businesses must pay attention to customer service since without customers you have no business. He indicated that, the higher the level of satisfaction a customer has is one of the determining factors in the success of any business. Thus, sales increase, profits also increase, and market share as well. He expressed that, good customer service is the lifeblood of any business. You can offer promotions and slash prices to bring in as many new customers as you want, but unless you can get some of those customers to come back, your business won't be profitable for long.

It takes 20 years to build a reputation and five minutes to ruin it. A sale is not something you pursue, it is something that happens to you while you are immersed in serving your customer. Moreover, good customer service is positive and motivating. By excelling in it, you are giving value to your customers. Giving excellent service is a must if a business seeks to satisfy its customers today. (Payne, 2008).

In a related development, Gilles (2010) added his voice that, customer complaints are like medicine. Nobody likes them, but they make us better. He said that, customer complaints create profits and are probably more like preventative medicine because they provide advanced warning about problems. By listening carefully to

customer complaints, we can identify opportunities for training employees, improving products and services, educating customers - and improving our business's bottom line; all geared towards increasing sales.

Gordon (2009), also supported that, excellent customer service relies on going above and beyond the customers' expectations to make the customer happy. For any type of business, this could mean taking extra steps such as follow-up phone calls, giving deep discounts to loyal customers and going out of your way to provide requested products or services. Two ways to gauge the difference between customers' existing expectations and what you could do different include using customer service surveys and comment cards.

To crown it all, in the words of Berry(1983), he cautioned businessmen: "Remember that every time that you, your employees, and your colleagues make contact with a customer whether it's by email, phone, written correspondence, or a face-to-face meeting the interaction leaves an impression with that customer". Use conciliatory phrases — "Sorry to keep you waiting," "Thanks for your order," "You're welcome," and "It's been a pleasure helping you" — to demonstrate not only your commitment to customer satisfaction but your dedication to courtesy.

Based on the review of literature, the following Quality dimensions with respect to products and services have been chosen for this study;

- Interactions
- Creating customer trust
- Effective communication
- Active listening
- Go above customers' expectations
- Treat customers with respect and courtesy
- Never argue with a customer

2.1 Objectives of the Study

The research objectives are;

- To investigate the relationship between improved customer services and increase in sales and profits of business.
- To identify some of the strategies and factors that influence improved customer service.
- To find out some of the benefits a business stands to gain as a result of offering improved customer services to its customers.

2.2 Hypothesis for the Study

In exploring the relationship between improved customer service and increased sales and profits, , the study addressed the following hypotheses;

H0: Improved customer service has no significant effect on business' sales and profits

H1: Improved customer service has a significant effect on business' sales and profits

III. METHODOLOGY

The study explores the extent to which improved customer service impacts business growth and establish their relationship. The population for this study were the management and staff from the various functional departments of Sowbaghya Pvt. Ltd, T-Nagar, Chennai, India. Simple random sampling method was adopted to select the total sample size of 60 respondents consisting of 48 staff and 12 management of the company. Both the primary and secondary data collection methods were considered. However, primary data was collected from the respondents with the help of structured opened and closed-ended questionnaires. Primary data was complemented with secondary data sources such as publications on the topic from journals, magazines, and internet. The responses of the measurement were scored using a 5- point Likert scale. The measurement items of the variables were created based on the literature review. Cronbach's alpha coefficient method, Regression, t-test and chi-square analyzes were used to establish the relationships that exist between the hypotheses. Analyses of data and testing of hypotheses were performed using SPSS version 20. The analyses have been in conformity with the objectives and the hypotheses of the study. The data collection period for the study was undertaken from June, 2015 to January, 2016.

IV. RESULTS AND DISCUSSION

Reliability Statistics

Cronbach's Alpha	N of Items
.987	60

Cronbach's alpha was calculated to measure the reliability of the questionnaire and the results obtained. The value of Cronbach's alpha is 0.987 which is very high, thus showing the higher reliability of the instrument used in the study. This shows the data is satisfactory because they meet the minimum acceptable level of 0.7.

Table 1: Demographic characteristics of respondents(N=60)

Demographics	Description	N	%
Gender	Male	38	63.0
	Female	22	37.0
	Total	60	100.0
Age	18-25	10	16.0
	26-33	14	23.5
	34-41	14	23.5
	42-49	14	23.5
	50 years and above	8	13.6
	Total	60	100.0
Qualification	Graduate	22	37.0

	Postgraduate	23	38.3
	Professional	8	13.6
	Others	7	11.1
	Total	60	100.0
Functional Area	Customer Service	18	29.6
	Finance	7	11.1
	Human Resource	2	3.7
	Sales and Marketing	23	39.5
	Production and Quality	10	16.0
	Total	60	100.0
Years of Experience	Less than year	8	13.6
	1 – 5years	13	21.0
	5 – 9years	16	25.9
	10years and above	23	39.5
	Total	60	100.0

Source: Field Data

The table above shows majority of the respondents (63.0%) are Males and can be found in the Age category of 26-49 years. Further, most of them (38.3%) are Postgraduates (Masters/PhD) holders in terms of Educational Qualification and are working in the sales and marketing department of the business. (39.5%). Lastly, in terms of their Years of working Experience with the business, (39.5%) have spent ten years and above. This is partly due to the fact that the firm happens to be a family business.

4.1 The Relationship Between Improved Customer Service And Increased Sales And Profits.

Table 2: Model Summary of Social media marketing tools vs. Business growth

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.952 ^a	.907	.890	.58590

- a. Predictors:(Constant) Interactions, Creating customer trust, Effective communication,Active listening, Go above customers' expectations, respect and courtesy, Never argue with a customer

ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	166.769	9	18.530	53.979	.000 ^a
	Residual	17.164	50	.343		
	Total	183.933	59			

a. Predictors:(Constant), Interactions, Creating customer trust, Effective communication,Active listening, Go above customers' expectations, respect and courtesy, Never argue with a customer

b. Dependent Variable: Increased sales and profits benefits

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.033	.189		.176	.861
	Interactions	.728	.351	.426	2.074	.043
	Creating customer trust	-.671	.332	-.399	-2.021	.049
	Effective communication	1.127	.253	.794	4.464	.000
	Active listening	-.567	.413	-.321	-1.372	.176
	Go above customers expectations	-.518	.326	-.250	-1.590	.118
	Respect and courtesy	.875	.414	.436	2.113	.040
	Never argue with a customer	.033	.189	.336	.176	.861

a. Dependent Variable: Increased sales and profits benefits

The Regression coefficient 'R' = 0.952 or 95.2% which means that correlation between the dependent variable and the independent variables is positive. The coefficient of determination 'R²' = 0.907 indicating that 90.7% of variation in dependent variable is explained by independent variables. The F-test value of 53.979 is significant because the significance level is = .000 which is less than 0.05.

Hence, the null hypothesis will be rejected and alternative hypothesis will be accepted that Improved customer service is highly correlated with an in sales and profits.

This also indicates that the correlation between dependent variable and independent variables is statistically significant and the regression model is valid. As shown in the above stepwise regression summary table, it is clear that among all the seven strategies/factors influencing improved customer service are positively related increase in sales and profits. Hence, the researcher rejects the null hypothesis and concludes that there is

sufficient evidence, at the 5% level of significance, that there is correlation between improved customer service and an increase in sales revenue and profits.

Table 3: Chi-square test results of factors influencing improved customer service and increased sales and profits.

Research Hypotheses	Chi-Square Value	Df	Asymp. Sig. (2-sided)	Results
Interactions	666.185 ^a	16	.000	Supported
Creating customer trust	424.286 ^a	16	.000	Supported
Effective communication	110.015 ^a	16	.000	Supported
Active listening	71.707 ^a	16	.000	Supported
Go above customers expectations	92.739 ^a	16	.000	Supported
Respect and courtesy for customers	223.213 ^a	16	.000	Supported
Never argue with a customer	67.258 ^a	16	.000	Supported

From the table, the results of Chi-square tests for all the hypotheses are in significant level. The chi-square values are greater than 0.05 significant levels. Therefore, the null hypothesis is rejected and alternative hypothesis is accepted at 5% significant level. This shows a strong association between the strategies/factors influencing improved customer service and an increase in sales and profits.

4.2 Benefits of Increased Sales and Profits

From the review of literature, some major factors influencing business growth were selected and respondents were asked to indicate those factors which affect the business most. The following shows their responses:

Table 4.1

Marketing Performance Factors	Mean	Std. Deviation	N
Improved Financial performance	2.7896	0.88872	60
Improved marketing performance	1.9999	1.00998	60
Customer Acquisition	2.6897	1.32725	60
Customer Retention	2.8666	0.89947	60
High Market Share	1.8333	1.07619	60
Customer Satisfaction	2.9954	1.29525	60

Source: Field Data

The table above represents some key benefits/indicators of increased sales and profits. The highest ranked indicator is Customer Satisfaction with the mean of 2.9954 and standard deviation of 1.29525. Next is Customer retention with a mean of 2.8666 and standard deviation of 0.89947. Third is Improved financial performance with a mean of 2.7896 and standard deviation of 0.88872.

The rest are customer acquisition with a mean of 2.6897 standard deviation of 1.32725. Next is Improved marketing performance with a mean of 1.9999 and standard deviation 1.00998, and finally High market share with a mean of 1.8333 and standard deviation of 1.07619.

The ranking responds demonstrates that, improved customer service is not necessarily the availability and mere delivery of products and services to the customer, but through good services rendered to the customer before, during and after the sale which leads to the delight and satisfaction the customer requires.. The customermer is the pivot point and all marketing activities operate around this central point to ensure business success.

4.3 T-test

Paired Samples Test

	T	Df	Sig.(2tailed)
Pair 1 Strategies/Factors influencing improved customer service and Increased sales and profits.	15.065	59	.000

The tables above represent t-test on the dependent and independent variables. The paired sample test shows a t value of 15.065, a degree of freedom of 59 and a significant value of 0.000. Since the significant value is less than 0.05, the null hypothesis of the the study is rejected and the alternative hypotheses accepted; concluding that there is a strong correlation between improved customer service and an increase in sales and profits.

V. FINDINGS, CONCLUSION AND RECOMMENDATIONS

In conducting this study, the researcher found out that, good customer service is geared towards customer satisfaction. A satisfied customer goes and comes back to make repeat purchase and recommends the business to other friends and family members which helps to enhance the customer base of the company. In the case of Sowbaghya Pvt Ltd, according to the respondents, new customers have grown their sales hence increased their profits over the years as a result of their excellent services. The respondents noted that the existing customers are able to market products indirectly as they recommend products to their close associates.

In addition, another important thing the researcher found while undertaking this study was the fact that, customer satisfaction and excellent service differs in the eyes of one customer to the other. According to the respondents, total customer satisfaction cannot be achieved since however hard they try to please and suit

customers, some still complain but as a business, they always try to improve and meet the requirements of their customers.

The study strongly recommends that business managers and upcoming entrepreneurs should make improved customer service a strategic tool in their businesses since it gives a long term benefit to the firm.

To conclude, this study has clearly shown a strong correlation between improved customer service and an increase in the business' sales revenue, profits and market share. Business managers are therefore encouraged to offer improved services to the customer in order to gain high returns on their investment.

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