

Performance assessment of customer service strategy in Wal-Mart

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Abstract: Increasing competition (whether for-profit or nonprofit) is forcing businesses to pay much more attention to satisfying customers, including by providing strong customer service. It may help the reader to notice the role of customer service in the overall context of product or service development and management. Wal-Mart is a chain of retail stores operated by Wal-Mart Stores, Inc. an American public corporation, founded by Sam Walton in 1962, first incorporated on October 31, 1969, and listed on the New York Stock Exchange in 1972. Wal-Mart first responsibility is to provide all consumers the best products and services with guaranteed satisfaction under one roof. Wal-Mart provides a wide array of products like toys, electronics, groceries, jewelry, ladies, men, and children's apparel, and hard goods at reasonable prices. Wal-Mart's success is attributed to its ability to fulfilling the customer service needs of consumers, consequently, affect its sales performance.

Keywords: Performance assessment, Customer service, Wal-Mart

1. Introduction

Wal-Mart is a chain of retail stores operated by Wal-Mart Stores, Inc. an American public corporation, founded by Sam Walton in 1962, first incorporated on October 31, 1969, and listed on the New York Stock Exchange in 1972. It is the largest retailer in the world and the second largest corporation in the world. The retail giant Wal-Mart has become the nation's largest private sector employer with an estimated 1.2 million employees. The company's annual revenues now amount to 2 percent of the U.S. Gross Domestic Product. Wal-Mart first responsibility is to provide all consumers the best products and services with guaranteed satisfaction under one roof. Wal-Mart provides a wide array of products like toys, electronics, groceries, jewelry, ladies, men, and

children's apparel, and hard goods at reasonable prices. Wal-Mart's success is attributed to its ability to charge low prices in mega-stores offering everything from toys and furniture to groceries. The purpose of essay is to determine if Wal-Mart is fulfilling the customer service needs of consumers, consequently, it will be affect its sales performance. And this project was developed to evaluating Wal-Mart's service system is affecting consumer attitudes.

The purpose of this essay is to determine if Wal-Mart is fulfilling the customer service needs of consumers, consequently, it will be affect its sales performance. And this project was developed to evaluating Wal-Mart's service system is affecting consumer attitudes. The essay will investigate Wal-Mart's external customer's needs as existing customer and potential customer. It may be contains about the customers whether to satisfied about its product price, and customers whether to satisfied the service of its staff, Wal-Mart provides a set of standards by which employees are expected to measure their work. Such as respect for the individual, service to the customers and strive for excellence. In order to keep the customer satisfied, Wal-Mart set up many good customer standards. Then the supermarket service whether to provider more convenience for their customers. For instance, they are update new technology or equipment. Additional research is necessary to determine if the company fulfills their customer's needs effectively through the appropriate approach. The key of success's factors is that are a necessary condition for success in a given market. That is, a company that does poorly on one of the factors critical to success in its market is certain to fail. Where true retail competition still exists, Customer service skill is most important for the supermarket. It will lose more customers, more market share, and lose more profit, if a company not regards their customer service skill. So, it is worthy to investigating. The company, by and all standards, is superior; it has the largest economies of scale and best cut like work force of any retail company in the word. Wal-Mart has reputation in customer service of the supermarket retailer. Wal-Mart provides satisfying service not only can maintain its customer and its profit but also can get more sales and more customers. In addition, Sales volume is one of the criteria has been used in the report. Through analyze the sales volume, it can reflect the customer satisfaction, because the increasing sales volume is a result of more customer satisfied.

2. Research Methodology

2.1. Data Analysis

The secondary data is an important source of information. It saves time and money. In addition, there is great deal of information available for using. Secondary data is data which has been collected by individuals or agencies for purposes other than those of our particular research study.

There are some advantages of using secondary data: It is far cheaper to collect secondary data than to obtain primary data. For the same level of research budget a thorough examination of secondary sources can yield a great deal more information than can be had through a primary data collection exercise. The time involved in searching secondary sources is much less than that needed to complete primary data collection.

Secondary sources of information can yield more accurate data than that obtained through primary research. This is not always true but where a government or international agency has undertaken a large scale survey.

2.2. Questionnaire

There four methods for this investigation: firstly, the Internet is a great resource for getting current information on a variety of topics. For example, Email survey is now an essential communication tools in business. It is also excellent for acquiring information from the organizations which you plan to investigate. The advantages to email are that it is free when compared to telephone, fax and postal services. Secondly, telephone interview, this way need spend amount of time and some money. Thirdly, questionnaire survey, it is a quick, cheap and reasonably effective means of collecting statistical information or of gauging attitudes or options. Finally, the publications information, for example: books, newspapers and journals.

Books generally provide in-depth and lengthy coverage on a given subject, but because of the amount of time involved to write and publish, the information is not always up-to-the-minute. Daily newspapers are a great source for information on current events. Older editions provide day-to-day coverage of past events such as the oil embargo and the Manson murders. Because newspapers are outlets of mass communication, they are good barometers for reading the interests of the popular culture. Like newspapers, journals are good sources for current information. Journals differ from newspapers in that many periodicals are professional in scope and are devoted to a specific field of study.

3. The Content of Customer Service

3.1. The Customer Service of Purchase Part

3.1.1 Total Quality Management

The key word in defining customer satisfactions is 'perception' Gattiss in TQM suggest that in order to provide satisfaction for customers it is necessary for organizations to understand the full requirements and needs, expectation and attitudes of the customer, which reflects his/her perception of satisfaction. Customer satisfaction differs depending on the situation and the product or service. A customer may be satisfied with a product or service, an experience, a purchase decision, a salesperson, store, service provider, or an attribute or any of these.

3.1.2 New Electronic Shelf Label System

Wal-Mart's new electronic shelf label system. Using low radio frequency, the system enables instant price updates on the shelves and at the cashier. The system also allows staffs who were previously handling the labeling manually to spend more time at the sales floor attending to customers. Used in Wal-Mart stores in Europe, Wal-Mart Singapore is the first hypermarket in Asia to invest more than \$250,000 on this project.

3.1.3 The Healthy Quality of Products

Wal-Mart is so confident in the quality of ASDA brand food and our Fruit & Vegetable that if customers are not delighted with their purchase, they'll give customer a refund AND replace it.

3.2. The Customer Service of After-Sales

3.2.1 Day Guarantee

28 Day Guarantee If customers are not happy with their purchase simply return it in its original condition, with proof of purchase, within 28 days of purchase and we'll give you a full refund or replacement to qualify for an exchange or refund, products returned need to be complete with all components and original packaging, exclude Entertainment products.

3.2.2 The Jump Leads Service

The Greeters and Porters are trained to identify when a customers' car has broken down or won't start in the Car Park, these colleagues will then assist the customer in getting their car started with jump leads using the Store Manager's car to get they back on the road.

3.2.3 Packing Service

To make customer shopping experience finish on a good note, they'll be pleased to know that their entire checkout staff will be happy to help them pack their bags. The checkout operator will ask customer if they need assistance. Wal-Mart staffs are trained specifically to make sure products are packed accordingly, e.g. frozen, breakables, fresh etc.

3.2.4 Kids Trolleys

This is their real point of difference from all their other competitors. These trolleys are perfect for children aged between 5-8 years old who want to help customers make their shopping experience that little bit easier and hassle free.

3.3. Exceptional Customer Service

3.3.1 Space hog Service

Space hog is a high-tech traffic warden, which speaks out whenever a vehicle pulls into one of the spaces designated for disabled customers, and asks people to only use the space if they need it. The purpose is to make people who park illicitly to think twice about it, and also to reassure disabled customers that we are making every effort to protect their spaces.

The abuse of disabled parking is the single biggest issue, which is raised via our Tuned In cards, and Space hog certainly does work. They receive 50% fewer complaints about disabled parking abuse from those stores with Space hog compared with those stores who do not. They are hoping to introduce Space hog into all of our stores by the end of 2001.

3.3.2 Braille Guns

Braille Guns were introduced into new stores for the first time in 1998. Braille Guns are dynamo guns used to label products in Braille for blind customers. As tinned products in particular all feel the same to somebody who is blind, it is invaluable for them to have these products marked on a label in Braille which can then be stuck on to the product concerned so that they can identify them correctly.

This can be done either as somebody goes round the store with the blind person or at the Customer Service Desk after the shopping has been purchased. ASDA is the only retailer to offer this service across all stores, and a number of stores have received a remarkable amount of positive PR as a result.

4. Performance Assessment

4.1. Customer Service Satisfaction

Surveys and questionnaires are the most common marketing research methods. Typically, they are used to: assess the level of customer satisfaction with a particular product, service or experience; identify factors that contribute to customer satisfaction and dissatisfaction; determine the current status or situation of a product or service; compare and rank providers; estimate the distribution of characteristics in a potential customer population; or help establish customer service standards.

This survey is according to customer satisfaction research with 70 consumers as figure 1.

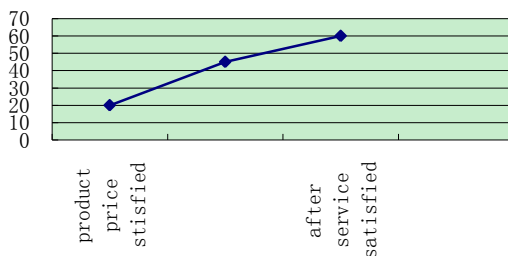


Figure 1: The customers number increasing

4.1.1 Number of Customers

The results of investigation, generally speaking, most of consumers are recognized Wal-Mart proving service, especially they are satisfied to after service. However, since there is 28% consumers satisfied the supermarket's pricing. In other hand, for the company's other service, like 28 Day Guarantee, The jump leads service, Kids Trolleys, and Braille guns etc. Since these service could bring more convenience to the consumers, almost 71% consumers satisfied to these service, but a small part of people considered that some service is not good, for example, the kids trolleys service and Packing service.

4.1.2 The Company's Sales Volume

Improving Customer service is very important for the company, it will benefit the company a lot, such as enhance sales. The Company's stores had net sales for the three fiscal years ended January 31, 2005 as follows Figure 2.

According to above Figure 2, Wal-Mart stores net sales are 139,432 million and it grew by about 11.4% in fiscal 2004 when compared with fiscal 2003.

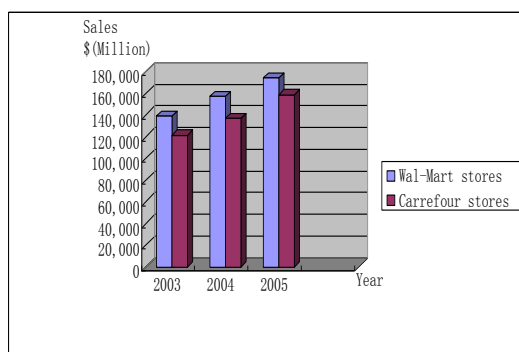


Figure 2: The sales performance

The net sales are 174,274 million and it increase of about 9.7% in fiscal 2005, when compared with fiscal 2004. In addition, compared with its competitor, Carrefour's stores net sales are 121,776 million in fiscal 2003 year and it is less than Wal-Mart's. And in fiscal 2004, their stores net sales are 137,126 million; in addition, their net sales are 158,913 million in 2005. This sales figure is also blower than Wal-Mart's in fiscal 2005.

4.2. Customer Service Enhance Customer Satisfaction

Wal-Mart is the world's largest retailer and the largest company in the world based on revenues, ignoring profits (income), assets, and market capitalization. A key factor in the success of they provide many services for their customer, In order to gains more profit and increasing sales For example, their mission statements are to provide all consumers the best products and services with guaranteed satisfaction under one roof. Wal-Mart provides a wide array of products and hard goods at reasonable prices. In additional, the company's customer services are met the customers' needs and wants. The Wal-Mart business strategy is offer the common price every day, what they did is saving your money. A key factor in the success of Wal-Mart's reassure guarantee that is if you're not delighted with your purchase, they'll give you a refund and replace it! Such as 28 Day Guarantee. And consumers have been conveniently provided not only with the use of on-line shopping to show without ever leaving home, but also with the concept of "one-stop shopping." However, they are spending much money in training employees and update equipment in order to provide better service for their customers.

In a word, The Wal-Mart will continue to monitor national customer service trends

And continue to offer the highest quality products at the lowest price to strive to be the best in the retail industry.

4.3. Sales Performance

Customer service is very important for the company, Improving customer care will benefit the company a lot, such as enhance sales, and increasing customer satisfaction.

Because of the Wal-Mart improved its customer service, so its sales are more than its competitor Carrefour's sales. The company providing better service and convenience to fulfill their customer needs, and increasing its customer satisfaction. According to Figure (2), The Company and each of its operating segments had net sales (in million) for the three fiscal years ended January 31, 2005 as increase. That increase resulted from their domestic and international customer care programs, For example, since from 2004, they were opened online shopping, Consumers have been conveniently provided not only with the use of on-line shopping to shop without ever leaving home, but also with the concept of "one-stop shopping." In additionally, they also provide new electronic shelf label system. Using low radio frequency, the system enables instant price updates on the shelves and at the cashier. The system also allows staffs who were previously handling the labeling manually to spend more time at the sales floor attending to customers. Since these services bring better convenience and saving times for customers, they could recognize these services.

On the other hand, 28 days guarantee better to understand the customers' needs and wants. Wal-Mart is able to satisfy their customer is by providing exceptional friendly customer service, in order to customers could be reassured to buy anything. So Wal-Mart gains more sales than other competitors in retail industry.

5. Conclusion

Customer service is very important for the company, Improving customer care will benefit the company a lot, such as enhance sales, and increasing customer satisfaction. The company, by and all standards, is superior; it has the largest economies of scale and best cut-like work force of any retail company in the world. Wal-Mart has reputation in customer service of the supermarket retailer.

This report investigated the impact of improved customer service to enhance Wal-Mart's sales and how this events influence on the customer care. Wal-Mart has some good service standards for their customer, because as the mentioned in this report, its sales volume is gradually increasing.

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