Customer Empowerment and Satisfaction through the Consultative Selling Process in the Retail Industry

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ABSTRACT

This article draws insight from the literature to propose a model interlinking key stages in the consultative selling process, customer engagement, and customer satisfaction. It is argued that customer journey should be designed as a process of empowering customers to make the right choices and the role of businesses should be to design and deliver products that meet with needs realized in the consultative process between the business and the customer. Even though this discussion is situated within the context of the retail industry, the findings could possibly be applied in various other customer relationship contexts as well.

KEYWORDS

Consultative Selling Process, Customer Empowerment, Customer Journey, Customer Orientation, Customer Satisfaction, Retail, Selling Orientation

OVERVIEW

Customer Empowerment plays a key role in improving Customer Satisfaction in retail business transactions, where such perception of empowerment becomes key to attain success. Hunter and Garnefeld (2008) state that when there is a perception of empowerment evoked by a firm (PEEF), there is a positive impact of such empowerment on customer satisfaction among consumers in the retail industry. The same authors also state that empowerment is defined as a positive feeling that results of increasing control and that Customer Empowerment is a “Positive subjective state evoked by increasing control” (p. 1), however, such empowerment is not defined as control. Therefore, such perceived customer empowerment becomes a transfer of power and control to consumers that increase their motivation to participate and succeed in a business transaction attaining a much better feeling of achievement over their expectations (Pranic & Roehl, 2012). The retail industry is constantly looking for ways to satisfy their consumers’ expectations of good service and exceed them to increase their satisfaction, making sure that such customers receive an exceptional shopping experience. Providing exceptional shopping experience represents a key competency for developing good relationship with consumers, and at the same time drives companies to attain an improved store loyalty, something that results in customer retention, and consequently, in better financial results (Grewal et al., 2008).

Empowerment in a retail environment can be defined as a way to allow customers to select among different alternatives available in such environment. It is also defined as a force that gives structure to a field of interaction and exchange of free agents (Fuchs, Prandelli & Schreier, 2010). Hence, Hunter and Garnefeld (2008) define customer empowerment (CE) as the way companies give...
consumers power through access to better information and better understanding, and such definition also addresses the recovery process or the solution of post-sale issues (Pranic & Roehl, 2012).

Furthermore, CE is also defined as an increase of control, but not control by itself, which comes to promote a positive perception among consumers that causes an increase in their satisfaction (Hunter & Garnefeld, 2008; Pranic & Roehl, 2012). Thus, when there is a perception of increased control, not necessarily a real increase in control, the feeling of ownership among consumers is increased and a state of empowerment is promoted, something that may cause a psychological demand effect among them (Fuchs, Prandelli & Schreier, 2010; Hunter & Garnefeld, 2008).

Then, CE is the result of an increase in control that causes a positive perception among consumers, while increasing their satisfaction (Hunter & Garnefeld, 2008; Pranic & Roehl, 2012). Yet, such control is not necessarily an absolute control of the related products or specific situations, is just an improvement on the control perceived by the related consumers and their personal experience (Hunter & Garnefeld, 2008). Hence, retailers and actors, including frontline employees, must promote a state of empowerment to improve CE perception and attain better customers’ satisfaction and financial results (Hunter & Garnefeld, 2008; Pranic & Roehl, 2012).

Consequently, such state of empowerment may promote and positively affect customer satisfaction in a retail business. How such sense of empowerment is promoted in a face-to-face interaction, however, becomes a fundamental piece and is the focus of this research. We seek to determine when the concept of empowerment may be applied in a retailers’ customer journey using the consultative selling process.

THE CHANGING FACE OF THE RETAIL INDUSTRY

As defined by Kotni (2011), retailing is the group of activities that are performed when offering or selling products or services among consumers for their personal, family, or institutional use. Moreover, a retailer is a company, person or organization that reaches the product or service on demand to deliver it later to the consumer or ultimate user (Kotni, 2011). Such retailers are part of the retail industry, considered a pillar due to its size and importance in most countries around the world. Such industry represents most of the time, the foundation and health of a formal or informal economy within a region or country, giving final consumers access to products and services that otherwise would be difficult to get (Kotni, 2011).

Indeed, within the retail industry there are organized and unorganized sectors, where companies that possess licenses or are registered to pay income tax or sales tax mostly compose the organized ones (Kotni, 2011). The unorganized retailing sectors, as opposed to the organized ones, are mostly composed by low-cost retailing stores, or open markets, that repeatedly are non-regulated or do not pay taxes (Kotni, 2011). Both sectors are fundamental for economies of all regions, and due to this importance, attaining satisfaction among consumers in such industry is key for any store or company offering products or services to end users.

The retail industry has proven to be important for economies, deeply dynamic, and very reactive to economic turnarounds such as the ones suffered during the last 10 years, where downturns in economies due to political decisions or reactions in other industries, have caused an impact in retail businesses (Deloitte, 2014; IMAP Inc., 2010; International Markets Bureau [IMB], 2011; KPMG, 2013). The Retail Industry Global Report made by the company IMAP Inc. in 2010, explains that the global retail industry has suffered different variations in its performance and has been affected by recessions around the world, especially before the year 2010 (IMAP Inc., 2010). Moreover, Cogitamus Consulting (2009) explains that consumers in difficult economic times look more for discount stores and less spending in reaction to the recession. They also explain that the kids’ business retail segment remains stronger in most of the markets compared to the adult’s segment mainly due to three reasons: kids’ demographics are expanding faster than the general population, kids’ clothes and footwear need to be replaced constantly, and kids (and parents) are more susceptible to characters
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