

**Retail Management**  
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**Lecture - 06**  
**Retailing Services**

Hello everybody, welcome to this NPTEL Swayam course on Retail Management. This is Professor Swagato Chatterjee from VGSOM, IIT Kharagpur who is taking this course for you. We are in week one, this is lecture 6 and in this lecture we will be discussing about retail services.

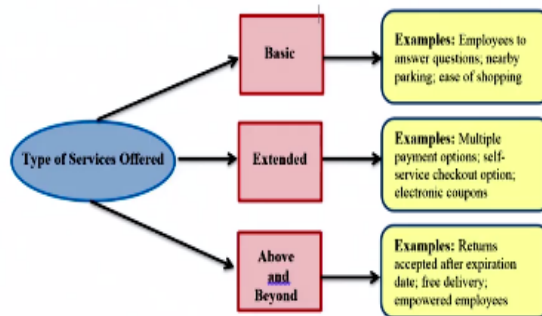
So in the retailing services, there are, so this is a difference between service, the retailing of services and retail services, these are two different terms. So what is retailing of services. Retailing of services means when you are trying to sell services, your primary product that you are trying to sell is a service.

For example, let us say MakeMyTrip. MakeMyTrip is trying to sell air ticket. This air ticketing service that MakeMyTrip is providing, MakeMyTrip is not basically providing the airlines. The airlines is somebody else's. But the booking of the ticket, that particular service is given by MakeMyTrip. So that is the selling a service. So he is, this MakeMyTrip is doing retailing of a service.

But here in this particular lecture, we will not discuss about that. We will discuss about retailing services or retail services. That means the services that the retailers can provide. Now till now I am talking about retailers who are majorly either brick and mortar or online retailers, but for products, not for service retailers.

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## Classifying Customer Services



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So what are the types of services that a retailer can provide? We can divide the services into these three branches, the basic service, the extended service, and the augmented, let us say above and beyond kind of futuristic services you can also say. What are the basic services? The basic services are the services which you normally expect when you go to a retail store. For example, employees to answer questions.

Employees will give you enough information inside the retail store. Or nearby parking facility. Or ease of shopping, it is very easy to find out the products in the shopping store. Or the if it is a there is a Kirana store which you see in India, then probably it is very easy to find the product whether it is available or not.

Or the person is very much communicating very properly with you, these are some of the things which are basic requirements. Now what is an extended requirement? Let us say which is not something, extended means which is not basic, even if it is not there, it is okay. But nowadays in a good store, you might expect this kind of retails benefits. These are called extended services.

For example, in IIT Kharagpur there is a tech market, which is a small local market inside the campus. So there are around let us say 20,000 odd people inside the campus. So it caters to those many people let us say.

Now the market has different stores and different stores if you go to those kind of a market and you can go to your locality also, you should see that a good retail store, a grocery store and a not so good or not so a high revenue making grocery store and let us say a medium or low revenue making grocery store.

Sometimes you go and see you will be able to understand that which grocery store there are lots of people who are flocking there and which grocery store is generally very empty. You will stand for one hour you get an idea. And you will also get an idea, then you go and see that what are the differences between in this retail stores.

And you might see there are retail store which is a little bit of I would say doing good will also have this extended benefits. Like multiple payment options. They might have let us say this UPI based payment, the credit card, sometimes they might also give you credit. Self-service checkout option.

So sometimes it is available in a bigger, not in a not in grocery stores or very, I would say Kirana stores kind of retail store, but a little bit bigger retail store there are self-service checkout option that you go, you scan, you pay and you leave. So these are some of the things which are becoming very prominent in today's world.

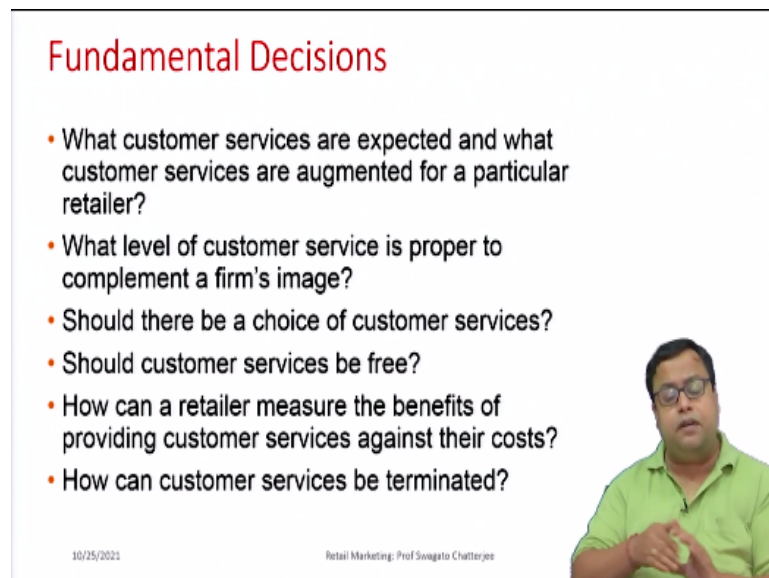
Electronic coupons we all know let us say in our case there are coupon services which were provided like you sometimes it is provided by your employer for food coupons and etc., which you can redeem in retail stores, those benefits are very common. It has happened in for the last 10 years almost in India.

But above and beyond are basically futuristic services like returns accepted after expiration date. So you might probably some product got expired you did not use it, you can return it at a certain price if those facilities are given. Or free delivery. Free delivery has almost become a extended service.

It is not a above and beyond anymore, but it you can expect that okay this is a service. Then empowered employees. Empowered employees are also an example of that the

employees can take a call, that whom to give credit or whom to give which kind of benefit, how much discount. So these are some of the things that are above and beyond kind of services that the retailers can provide.

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**Fundamental Decisions**

- What customer services are expected and what customer services are augmented for a particular retailer?
- What level of customer service is proper to complement a firm's image?
- Should there be a choice of customer services?
- Should customer services be free?
- How can a retailer measure the benefits of providing customer services against their costs?
- How can customer services be terminated?

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What are the fundamental decisions that the retailer has to take when they are providing services? These are some of the very important question and you can think that each of these questions can be a research question altogether. For every retailer, these are some of the very prominent questions like what customer services are expected and what customer services are augmented for a particular retailer.

So depending on retailer, what he will say as basic, extended, augmented blah, blah, blah, will vary, depending on the customers will vary. So for a same retailer for different customer segments, this can have different kind of augmented and expected retailer, expected services. And for the same customer for different retail stores, there can be different kind of expected and augmented.

So those, clarity about those expectations are very important. What level of customer service is proper to complement a firm's image? Sometimes you have to give the service at a such a level that the firm's image is maintained. So that is also very important. Should there be a choice of customer services? Should there be a buffet of customer services from which customer can choose?

It might be a case. If you can think about such kind of situation, it might be a case. Should customer services be free? This is a very important question. Should all these things like let us say the trial facilities in a retail store or let us say the altering that the retailer gives in a apparel retail store. Should those services be free?

If you have to go outside in the market, you have to pay for those products, no. And the same retailer is also giving you the free parking facility if you are driving down to the retail store. The same retailer is also giving you certain other benefits like the new product arrival, arrival emails it is providing. Or sometimes it is doing home delivery.

So there are lots of benefits this particular retailer is giving you. How much should be free? How much you as a customer can, you can expect or as a retailer it can give you? Up to how much if it gives it for free, it will be profitable? It is not a mathematic, it is not only a marketing decision, sometimes a mathematical decision as well that how much I can give free.

How can a retailer measure the benefits of providing customer services against their costs? And am I getting anything out of it? How will a retailer, as a retailer how will I know that I gave this benefit that is why my sales gone up. So whether there are let us three benefits that I can give as a retailer.

Free trial in my retail store, and then let us say free altering months we have bought and free delivery at your home once the altering is done on let us say if the product is not available, or if you have bought quite a bit of product you cannot carry. And then the fourth is also free parking. These are the four benefits that I am as a retailer is giving.

Now my retail manager comes and my boss comes up to me and says that see Swagato you are giving this four retail benefits. I am okay with giving these benefits, but you tell me where is the money out of it? You tell me that how will I know that whether if I stop benefit X will I get affected at all?

Does this particular benefit at all has any effect on my ultimate top line or bottom line? So if that is not there, if you cannot answer that question, then there is a problem. Again, probably this particular course is not the only, it cannot probably answer this question. It requires this Marketing Analytics course that I have previously told, which you can take as a NPTEL course, but this is a important question.

As a retail manager you should know that I have to answer this question at some point of time. How can customer services be terminated? Let us say sometimes some customer services you are providing for the last couple of years, customers became habituated with that particular service.

How will you now stop that services because you found out by doing mathematics and etc., you found out that okay, this particular benefit that you were giving has no impact on customer sales, no significant impact. So then your boss told that okay, if it is not there you stop it. So it might be a case that just continuation has no positive effect but discontinuation might have a negative effect.

And your data did not have a discontinuation context and so you could not give that result to your boss, because you have not discontinued it ever in the last four, five years. You thought that it is something which is given, which is almost taken for granted. For the last couple of years you are giving the service like that.

So if you do not have an instance, certain data points, where the particular service has been discontinued, if you do not have such data points, how will you compare continuation of the service versus discontinuation of the service? And if you cannot compare you do not know what is the impact of discontinuation.

Now you discontinue the service all of a sudden, and all of a sudden, all the people become very angry with you and they do not come. If that happens, then that is a problem and you will be fired as a retail manager. So you have to also plan for

termination, how to terminate the services. These are very fundamental very important decisions as a retail manager one has to take.

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**Typical Customer Services**

- Credit
- Delivery
- Alterations/ Installations
- Packaging/gift wrapping
- Complaints/Returns handling
- Gift certificates
- Trade-ins
- Trial purchases
- Special sales
- Extended store hours
- Mail/phone orders

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What are the other services other than the one that I told, the credit, delivery, alterations as I told already packaging. Complaints or returns handling this is something that becomes more and more important in today's world. In a social media environment where people can talk about you at any point of time in the social media, it is very important now to handle complaints.

Complaint management, review management, image management becomes a very important issue for a retail manager also. Well there are specialists in the retail sector as well who are doing this, but as a retail manager, you have to take that in your hand also. The specialists, the problem with the specialist is these are digital marketing companies. The problem with digital marketing companies are they are not retailers.

They are digital marketing companies for everybody. The person who is working as a social media manager in that particular digital marketing company might be a person who has certain certification who might be doing the work for last couple of years. That particular person might not have a retail experience. He might not have studied retail ever.

So if I am a retail manager, then I have to be able to talk with him, to make him understand that what retailing means. At the same time, if I do the other way, if I am a digital marketing person who wants to do a digital marketing, complaint management, image management, review management activity for a retailer, I have to understand what retail is.

So this talk, this communication between a digital marketing agency and a retail management firm is required. They have to understand each other's business. Otherwise, it is like it is not like the complaint management for a bank and the complaint management for a retail are absolutely two different activities. You have to think about that, you have to handle that differently.

Gift certificates, trade-ins, trial purchases, special sales, mail and phone orders, this you all know. I will not spend my time on these ones. These are also typical customer services that you can provide.

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### Miscellaneous Customer Services

- Bridal registry
- Interior designers
- Personal shoppers
- Ticket outlets
- Parking
- Water fountains
- Pay phones
- Baby strollers
- Restrooms
- Restaurants
- Babysitting
- Fitting rooms
- Beauty salons
- Fur storage
- Shopping bags
- Information

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What are miscellaneous services which is a little bit beyond this? Like bridal registry. Bridal registry is like in US or Western market it happens. Say I am getting married and I know that there is a retail store close to my house. And after getting married generally a couple will require lots of household products like let us say a bed. So in Indian market what happens that there are dowry systems.



And this dowry systems are there. You get the benefits and etc., from your in-laws. And even if it is illegal it is rampant. That kind of system is not there in USA. In USA people and in USA people give gifts in a marriage in a wedding let us say. Your friends are gifting you or your let us say certain close people are gifting you.

When they are gifting you they might feel that what will I gift? This guy is getting married and I do not know okay if I gift him a microwave and somebody else is also gifting him a micro oven there is a problem. Then what will this guy do in a one single home with two microwaves? So in those places what happens is the couple comes together, they knows that people will face this problem.

So they say that okay in the invitation card they write that we have created a bridal registry in this particular retail store and they go to that retail store and they write down that these are the stuff that I want and the retail store says that okay these are the prices for those stuff. Now, you as a invitee can call the retailer.

And say that okay I have 5000 rupees, I have planned to give 5000 rupees worth product, what is there for 5000 rupees? So whatever is there for 5000 rupees the guy will say, the retailer will say that this product you can give because the bride and groom has asked for this product, they have mentioned that in the register so you can gift that.

So you say that okay I will give that, tell me the payment options and blah blah blah. They give the payment options, you pay for it. That particular product is now booked for the couple. Sometimes the price of the product is more than your budget. Then multiple people can come together and buy a product.

And when the products are delivered to the couple's house, new home, these name of the persons who have bought which product is given there. So this is a win-win situation for the invitees who wants to give gift. And also the new couple. This is not

the case in India. I have not seen this case in India. I have to check that whether those cases are happening in today's world or not.

But this is very common in western world. Interior design services, this is very common in now. If you go to hometown, or this kind of furniture stores, you will say that okay we have a interior designing service. You do not buy these and that which are two furnitures which do not match with each other.

Rather you wait for us, we will give a interior designing services where we might make certain customized products for you guys as well. Or we will say that okay if you buy four, five of our products, and if you put it in your bedroom in like this way, that matches a lot. Personal shopping. You have seen that there is a person who helps you in the shopping activity.

Ticket outlets, parking, water fountains, payphones, baby strollers, these are very common, I will not spend time on these. Restroom, restaurants, babysitting, fitting rooms, blah, blah, blah. I will give you an, give an example on this one, this what services becomes expected. So there was a case, I do not know whether you have studied this particular seen this particular news item or not.

There is a very big, I would say mall, shopping mall in Kolkata. And there was a lady who comes from abroad to India. And she lives probably close by to that shopping mall. And in that particular evening, that lady visits with her family member, let us say her mother. The lady is of let us say age of 35, 40. She visits with her mother who is of age let us say 65 to this retail store.

And the baby, the lady also has a infant, a very small kid who is still breastfeeding basically. Now this lady has come from USA and she has come USA or Western, some Western country I do not know. So she has come to Calcutta and she is seeing that okay, there is a very big mall and all her friends who have grown up with her during his school days and etc., has told that okay, this is a very good mall.

It is a nice place to visit, blah, blah, blah. So she has gone to that mall. She is not habituated with the, she did not know what to expect what not to expect, she went to the mall. And now the baby got hungry. So when the baby gets hungry, the lady is asking for a place where she can do babysitting, basically she can feed her baby.

Now this retail, this particular mall is not ready for that. The mall does not even know that what to expect and not only the mall is ready for it, the employees of the mall who are basically security person who are not so much educated people, right? So they do not know what to say to this kind of a situation. They have not seen abroad.

They do not know what is expected and what is not so much expected in abroad. So they said that why do you not go to the bathroom? So the lady says, why will I go to the bathroom to feed my kid? Then they say that no okay, there was a huge hue and cry. There was no space for babysitting in the whole mall.

And at the end of the day, she was told that why do you not go to the fitting room, basically the trial rooms of a apparel store inside the mall. So the lady goes and then comes out and puts a very big write up in Facebook, which is a complaint as I just told.

And when she puts a complaint in the Facebook now the handle whoever is handling the social media of this of this shopping mall, that particular person has no idea of what has happened in the floor. That particular person is sitting in some office. He is basically a digital marketing agency's member. He has no idea about retailing also, the whole retailing services also.

He just writes that ma'am, all these things you should do, all these chores you should do at your house. You should not bring your baby and expect to feed at a public space. So which was then the whole social media become very angry with these people and then the mall has to apologize and blah, blah blah.

So all I am saying in this story that there are two things to learn from this story. That one is that the expected services like this babysitting that I just created, if you are a top class shopping mall inside a metropolitan city, these are things which are almost expected from you today. So you cannot just make your hands off.

You cannot just say that okay, these are not something that you can expect from me. I am a retailer only, my job is only retailing. These are part of retailing now. So that is one thing to learn.

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## Typical Customer Services

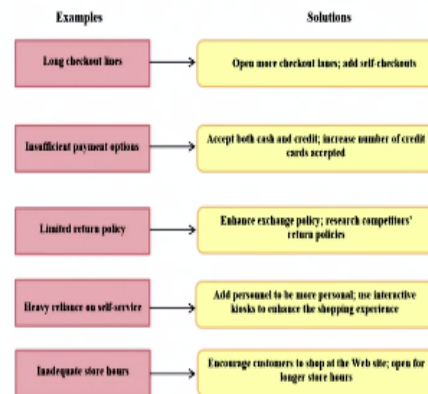
- Credit
- Delivery
- Alterations/ Installations
- Packaging/gift wrapping
- Complaints/Returns handling
- Gift certificates
- Trade-ins
- Trial purchases
- Special sales
- Extended store hours
- Mail/phone orders

Second thing to learn is how to handle complaint. So if there is no sync between the retail activity and the person who is managing social media, then there is a problem. And it is actually a case. It is very difficult to have those kind of people. And that probably requires special training for the people who are doing social media management, that what is my business, exactly what is expected from my business.

That training is required. And that training is not a generic training. Like how you handle a bank and how you handle a manufacturer and how you handle a let us say retail activity are all different cases. You cannot say that one social media manager who is probably a graduate from somewhere might have all these kind of ideas. You have to train them properly.

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## Turning Around Weak Customer Service



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Okay, so turning around weak customer services. Like how I can turn around, I can change my weak customer services. Long checkout lines, I can open more checkout lines or add self-checkout counters. Insufficient payment options, I can add payment options and so on. You can read it. I will not spend my time here. The PPT will be shared. You can have a quick look on this one.

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## Three Kinds of Service Retailing

- Rented goods services— leased cars, hotel rooms, carpet cleaning equipment
- Owned goods services— plumbing, appliance repair,
- Non-goods services— haircut, professional services (physician, lawyer)



Now there are three, now I will be talking about a little bit on the service retailing. Till now I was talking about retailing services. Now service retailing or retailing of services means when you are trying to sell services itself. Now what are the different kinds of service retailing? One is rented good, one is owned good, and another is non-good.

Rented good means you are giving the service of renting a good. You have a goods and you are renting it out instead of selling it out like leased cars or hotel rooms or carpet cleaning equipment that you rent it out to people are called rented goods services. We all have taken like Zoomcar is a rented good service. Hotel rooms you all know. Then owned goods services.

So I do not give it to you. I own the goods and I go and give the services at your house, like plumbing services or appliance repair services or let us say your car cleaning services. So I have the tools to do that, and the service is being provided because I have the tool. And I am coming with the tool at your store or at your place or you are coming to my place and I am giving the services.

So that is called owned goods services. And then there are some services, which are non-goods, which are not capital intensive, which are labor intensive, like haircut service, spa service, professional service of a physician or lawyer, these are non-good services. So when we are doing this kind of service retailing, this is called the retailing of services or service retailing in general.

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### Lessons in Service Retailing



So what are the lessons that you have to follow in service retailing? What is the best practices in service retailing? Base decisions on what the customer wants and expects

from the retailer, it is obvious. Think and act in terms of the entire customer experience. So not only the service, the overall umbrella of the value that we are providing, that becomes important.

Continuously improve all parts of customer experience, employ and reward workers who can build customer relationship. So service is where customer relationship becomes very important. It is not a single time some carwash, a car came and you washed it and it went away. You gain let us say 300 rupees or 400 rupees, that is not what you are expecting from this car wash service.

You are expecting that this car will keep on coming every month at least once and through repeated services I will get the money out of it. So that is why it is important to employ and reward workers because relationship is often human intensive. You require a person's face, a person who talks, who knows how to create relationship in this kind of situations. So employ and reward workers who can build customer relationships.

Then train employees to cope with the emotional costs of service retailing. So that is something which is also important. Because there are certain emotional costs that are involved. In any human interaction the person who is in the front side can behave properly sometimes, behave improperly sometimes. He or she can expect things which are out of the hand which cannot be given by the employee let us say.

So employee may incur certain emotional costs. But employee has to stay silent or has to stay calm and etc., because ultimately the employee is the face of the organization. So if you cannot, if you have not trained him how to handle the emotional issues while the employee is giving the services, then there is a problem. So that is something that you should also try to do.

Create and sustain a strong customer service orientation. Correct mistakes as they are uncovered and avoid failing customers twice. So repeat problems, repeat failures are very important problems. So we have spent lots of research activity on this particular

issue. So you have to make sure that the repeat of, one time problem is not a problem. But the repeat problem is sometime has very huge detrimental effect.

Empower your customers to co-produce their own service experience. Co-produce means, bring the customers together. Customers and the employees together create a solution. For example Starbucks, the retailing that the Starbucks does. Those Starbucks is good retailing, food retailing, but there can be service retailing as well where the services are being provided.

Let us say a physician service is basically a co-production service. Or let us say a trainer, gym trainer service is a co-production service. The customer has to equally work hard. Or teaching services let us say. We will not say this particular thing is service. But even if you say that, a teaching service is a co-production.

Until the student also comes together along with the teacher in the learning process, the service delivery will not happen. Get your managers to lead from the front not from the top and treat all your customers as if they are guests. So these are very common thing. Some of them are common. Some of them are common, but very uncommon to be in the practice. So you have to keep these things in mind.

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### Examples of Consumerism in Retailing

- Proper testing of items for safety issues
- Programming cash registers not to accept payment for recalled goods
- Charging fair prices for goods in short supply--Home Depot plywood example in hurricane
- Age labeling of toys, warning labels on goods beyond legal requirements





Certain examples of consumerism. Consumerism means keeping consumer at the top. If you have to focus on the consumers. Proper testing of items for safety issues. This is something that sometimes the retailer has to make sure. Programming cash registers not to accept payment for recalled goods.

So if the goods are recalled, and you still take the payment, then these are some of the checks and balance that you can expect from a retailer. If it is a expired good or a recalled good, then the payment will not happen or it will stop me in the checkout. Charging fair prices for goods in short supply. For example, if some products is not being produced or the supply is low, you should not shoot up the prices like anything.

So there was huge hue and cry when let us say there was a Kerala flood if I am not wrong, and there were flights from all over India to Kerala's airports where the prices went up like anything. So there was huge hue and cry. Then you are making money out of the problems, the vulnerabilities of the customers. So that you generally do not expect. And age labeling of toys.

Warning labels of goods beyond legal requirements should be kept, should be highlighted. So these are some of the things that you expect from a retailer.

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## Understanding the Americans with Disabilities Act

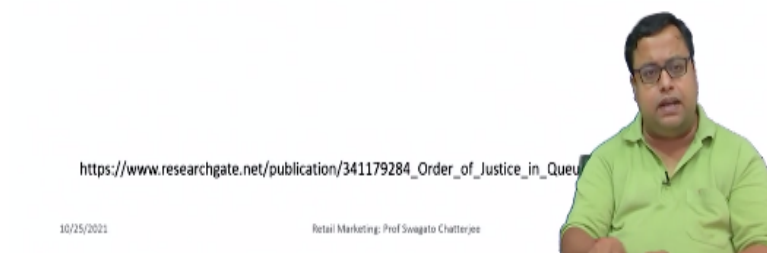


You also expect certain retailer activities, for example understanding the Americans with Disabilities Act. So these are some of the things which is very strong in other places where you have to make sure that you do not discriminate against people with disability. You have to make sure that there are access availabilities inside the retail store for disabled people. These are not very common in India, but should be common in India as well.

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First cum first served – always good?



And there is a research paper in this particular context, this is the link of the research paper. I would stop, before you go ahead and read this research paper I will stop and ask you this question. And the question is that whether the first come first served facility is always good or not? What is first come first serve?

In a retail store when you are checking out, generally the retail stores ensure that whoever comes first will be served first. So and then they have also certain times because sometimes the retail line is long so they open up multiple checkout counters. And there are certain other specialized counters, which are let us say for people who have less amount of products or people who are of disability and etc.

Now in what kind of context do you think that this particular strategy is not a consumer oriented strategy that first come first served? There are certain situations where you as a customer do not want this to happen. You want something else to

happen. So think about this thing. Before you read this paper think about this thing that in what kind of context first come first served is not a strategy that you will be looking for.

Write down in the in our forum, we will discuss it in the forum. Once you have written down, go and read this particular paper. This is a very interesting study that we have done. It has published in 2021, 2020 I think in journal of consumer marketing where it is talking about justice, how first come first served is not always providing justice to customers. So you will and more so in the emerging market like India.

So you can read this particular paper and we will discuss about that in the coming lecture. So thank you very much. I will see you in the coming lecture.