

**The effect of process-oriented, consistent customer service
and digital in-store services on customer satisfaction
- Using the example of a fashion start-up**

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Abstract

Start-ups with an omnichannel approach and process-oriented thinking in the scaling-up phase face the challenge of developing an organizational structure of its marketing organization which is entirely aligned to customer needs within each customer journey phase. For this, it is essential to know which elements of an omnichannel start-up affect the customer satisfaction. Related to the fashion industry, the question arises on how a process-oriented, consistent high-quality customer service and the existence of digital in-store services of a fashion start-up affect the customer satisfaction. By means of an experimental study, the existence and non-existence of those two variables shall be measured on site at a fashion start up store. With the aid of a 2x2 factorial design and a pre-/post-test, the findings are expected to display that a consistent, high-quality customer service in combination with the availability of digital in-store services lead to high customer satisfaction while a consistent, high-quality customer service without digital in-store services generates a higher customer satisfaction than having only digital in-store services but no high-quality customer service. Here, the anticipated results provide that the effect and slope of customer satisfaction is differing because the existence of digital-in store services on customer satisfaction is much higher in a non-consistent, high-quality customer service environment than in a consistent, high-quality environment.

Keywords:

Marketing Organization, Customer Experience, Start Up, Organizational Design

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1. Introduction

An increasing digitization, rapid changes of business models and a more fragmented consumer targeting poses novel challenges for companies with traditional organizational designs including its structures, processes and interfaces in Marketing (Lee & Carter, 2012). In this context, researchers but also companies of distinct sizes and diverse industries recognize that the raising business complexity requires a more cross-functional collaboration between sub-areas within a marketing organization (Andersson, 2018). This applies also to start-up companies which are growing over time. Reaching a point where the start-up is scaling up and the organizational structure is getting more complex, entrepreneurs face the challenge of establishing an organizational design in marketing that allows to offer products and services in a continued high quality with a unique, personalized customer journey (Tuczek, 2020). This is also particularly important for start-ups in the fashion industry pursuing an omnichannel management approach meaning that the company interacts with customers about various marketing channels at the same time (Frasquet-Deltoro et al., 2021). The opportunity for customers to engage with companies through various touchpoints from pre-purchase to post-purchase phase provides that start-ups need to establish a more process-oriented instead silo thinking structure with an appropriate organizational design aligned to specific customer needs in each customer journey step (Mattmüller, 2012; Gao et al., 2020).

1.1 Research Problem & Research Gap

While existing literature in entrepreneurship provides entrepreneurs with numerous guides for strategies in terms of legal structure, financing and incubation, there is a lack in conceptualization on how entrepreneurs should design its organizational structure and marketing operations (Burton et al., 2019). Conducted studies such as the one by Rovelli & Buttice (2020) refer only to internal organization designs with a strong focus on the general configuration of the entrepreneurial team (Rovelli & Buttice, 2020). Similar to this, De Santola & Gulati (2017) investigate the effect of business growth on changes in organizational design and team configurations without considering any aspects related to customer requirements. In general, most existing studies on organizational design of start-ups refer to few design elements, team compositions and cultural aspects whereas research on holistic organizational designs, roles and processes considering also customer requirements are not conceptualized (Burton et al., 2019). At the same time, literature in marketing and sales with an emphasis on customer experience highly focuses on developing a mutual understanding of customer experience but there is only little progress on explanations about the design of marketing organizations and required changes in functional divisions (Mishra et al., 2021; Lemon & Verhoef, 2016; Silva et al., 2021). Especially, when it comes to scaling-up the business, it is less known on how start-ups with a process-oriented thinking and omnichannel management approach should align their organizational structure to meet customer needs most efficiently.

1.2 Research Objectives & Research Question

In combining the identified research gaps of the literature of organizational design and customer experience of marketing organizations, the overall research project aims to answer the research question on conceptualizing how a marketing organization of a process-oriented and omnichannel start-up in fashion industry needs to be structured to fulfill the requirements of customers in each phase of the customer journey best possible. As part of this, it is fundamental to understand requirements of customers in terms of the role and effect of a consistent process-oriented customer service and the existence of digital in-store services connected to other

channels of the company (e.g. online or mobile channels) on the customer satisfaction. This effect in regard to the perceived customer satisfaction has a significant impact on customers potential repeated purchases, purchase volumes and the design of organizational processes in future. Hence, the following research question shall be answered with the aid of an experimental research design:

How does a process-oriented, consistent high-quality customer service and/or the existence of digital in-store services of the fashion start-up affect the customer satisfaction?

2. Theoretical Background

In a digitized world with an enhanced personalization and variation of products and services, customer needs are getting more and more diverse and complex (Koga et al., 2011). Companies strive to fulfil all these various needs best possible to generate a high customer satisfaction in order to enhance customer loyalty, to generate repeated purchases by existing customers and to attract new customers in long-term. Grigoroudis & Siskos (2010) define customer satisfaction as the “standard of how the offered ‘total’ product or service fulfils customer expectations” (Grigoroudis & Siskos, 2010, p.4). To achieve this, companies are increasingly linking online and offline interactions with customers through pursuing an omnichannel approach in connecting all available communication and distribution channels so that customers can engage with and buy products of the company anytime across various channels (Mehn & Wirtz, 2018). At the same time, the customer journey with its phases awareness, consideration, conversion, retention and advocacy represent the process steps a customer undergoes within customer experience (Addis, 2020).

A recent study by Tueanrat et al. (2021) about customer journey and customer satisfaction reveals that omnichannel customers assign great importance to a smooth transfer amongst distinct channels, support customer participation, a frictionless experience within after-sales services while generally preferring elements of entertainment and exploration through additional digital in-store services. Inappropriate processes in regard to channel switching or exploration can reduce customer satisfaction and can lead to a termination of purchase process (Noble et al., 2005). Since this study was conducted with an online survey and developments in technology change shopping behaviors continuously, there is a need for experimental studies about customer journeys (Tueanrat et al., 2021; Hongshuang & Kannan, 2014). Moreover, other studies highlight that an increased customer involvement contribute to customer satisfaction within the customer journey (Fellesson & Salomonson, 2016). Additionally, Rodriguez-Torrico et al. (2020) emphasize that a higher degree of seamlessness between channels has positive impact on customer satisfaction while Frasequet-Deltoro et al. (2021) indicate that a well thought out holistic brand experience and journey leads not only to a greater customer satisfaction but also to customer loyalty. However, since studies in this research field are highly demanded and are currently predominantly based on online surveys and in exceptional cases on controlled experiments, there is a need for experimental studies (Rodriguez-Torrico et al., 2020).

3. Research Methodology

The research question of this paper will be answered by means of an experiment. An experiment represents a valuable method for investigating customer behavior and opinions as it generates causality for real organizational surroundings, considers a variety of variables and provides a replicability (Bapuji, 2021).

3.1 Hypothesis

Generated hypotheses depict variables and units under investigation. Hypotheses are preliminary, testable statements regarding the correlation, difference or relationship among two or more variables (Shi, 2008; Saunders et al., 2019). Previously described theories and recent studies indicate that personal interaction and entertaining aspects affect the shopping experience and customer satisfaction from customer's point of view. For this, it is especially of interest to which extent a process-oriented, consistent quality of customer service within the purchase process and digital in-store services which are linked to online and mobile channels influence the customer satisfaction. Digital in-store services can serve as additional services within the phases of product search, product selection and payment process during store visit. Within the phase of in-store product search, the services can comprise options like a mobile app for in-store navigation to quickly find the way to the product of interest, interactive touchscreens for providing additional product characteristics or live chat support for real-time assistance. Services within the product selection phase can consist of smart mirrors to enhance the try-on experience or the opportunity to organize shopping lists with instant coupons digitally via app. Moreover, the payment process can consist of services like self-checkout systems, mobile payment solutions, queue management systems or customer feedback stations.

To better understand the correlation between the two variables namely process-oriented, consistent quality of customer service within the purchase process and digital in-store services, the following hypotheses will be tested:

H1: The availability of digital in-store services in combination with a consistent, high-quality customer service environment significantly increases customer satisfaction.

H2: Establishing only a consistent high-quality customer service environment results in a higher customer satisfaction than having digital in-store services without a high-quality customer service environment.

H3: The effect of having digital in-store services on customer satisfaction is lower in a non-consistent, high-quality customer service environment than the effect of having digital in-store services in a consistent, high-quality customer service environment.

H4: Missing digital in-store services and no consistent, high-quality customer service environment leads to a very low customer satisfaction.

3.2 Design of the Experiment

The research site for the experiment will be a point of sale (POS) of a fashion start-up which pursues a process-oriented and omnichannel approach, consists of a stationary store but also an online shop and makes usage of latest innovative retail technologies in using for example augmented reality, virtual reality or mobile applications. Conducting the experiment at the POS provides the advantage of having a realistic environment, gaining first-hand knowledge about customer decision processes and customer behavior towards specific variables (Krishnaswamy et al., 2006; Samek, 2019). The experiment shall investigate how the two independent variables 'Consistent, high-quality customer service environment' and 'Digital in-store services' affect the customer satisfaction when purchasing products at fashion start-up store. While 'Customer satisfaction' represents the dependent variable, both two independent variables will be manipulated in the course of the experiment. Since the manipulation of the variables is more complex in a natural setting and field experiment, the experiment will be conducted only at one fashion start-up which agrees to align the research site to the experiment requirements when it comes to manipulation of variables. The manipulation provides that – depending on the

respective experimental group – digital in-store services are available or not available for the test persons and either a consistent, high-quality customer service is offered or there is entirely no customer service. The dependent variable ‘Customer satisfaction’ will be operationalized by means of a 7-point Likert scale. The following factor level combinations and main effects as well as interaction effects can occur:

Table 1: Main and interaction effects of the experiment; Source: Own depiction.

#	Consistent, high-quality customer service environment	No consistent, high-quality customer service environment
Digital in-store services	Digital in-store services & high-quality customer service	Digital in-store services & no high-quality customer service
No digital in-store services	No digital in-store services & high-quality customer service	No digital in-store services & no high-quality customer service

A 2x2 factorial between-subject design ensures a natural context of the experiment. In total, four groups of equal size with 50 test persons each are required to test any manipulation of the independent variables on the dependent variable. Since each manipulation is tested by another (control) group, potential carryover effects which could influence and distort results are avoided (Frey, 2022). The 200 test persons in the age between 18 and 60 are randomly selected with the aid of a market research institution, assigned randomly to one of the four groups, participate voluntarily and receive no payment for the participation. In this regard, information about gender (male/female/diverse), preference for online or stationary shopping (online/stationary), monthly fashion shopping frequency (< 3 or > 3 times) serve as control variables while age (number) represents a confounding variable.

The experiment is structured in a pre-/post-test group design. With the aid of the previously described control variables, first, general information and attitudes of test persons are measured in order to then subsequently manipulate the independent variables ‘digital in-store services’ as well as ‘quality of customer service’ and to measure the attitude, in this case the customer satisfaction, again after treatment is implemented and store visit is conducted. In case the average customer satisfaction score of the post-test is higher than the average customer satisfaction score of the pre-test there can be drawn the conclusion that the higher customer satisfaction is caused by the applied treatments in using digital in-store services and a high-quality of customer service (Salkind, 2010).

In regard to the time framework, the research shall be completed within seven months. While having a detailed preparation phase and further literature review of one month, the data collection as well as data evaluation will take four months. Followed by this, the results are thoroughly processed and comprehensively in-depth stated within the paper.

3.3 Process of Data Collection and anticipated Results

The previously described POS at a fashion start-up will be exploited to collect data and to investigate the phenomenon under consideration of the pre-/post-test and a 2x2 factorial design. The data collection phase provides that each test person of a group is tested solely in order to stick to a natural setting environment and to avoid artificially generated mass crowding of

people which could bias data since test persons automatically exhibit through this a lower customer satisfaction without this having been caused by the manipulations. Additionally, store staff, product range and digital services remain the same except effects of previously defined manipulations are deployed.

Initially, before entering the shop, the test persons will be asked questions to the defined control variables in terms of age, shopping preferences and monthly shopping frequency. Subsequently, the test persons receive the task to buy two specific fashion products whereby there is a difference between products for men, women and diverse so that gender-specific products are bought like when usually shopping to prevent biases. Men have to buy a defined blue shirt and jeans, women a defined white shirt and a jeans and diverse people a defined beige shirt and a jeans. Depending on the group to which the test person is assigned, customer service and digital in-store services on sales floor are offered or not during the purchase process. After the purchase process, each test person is asked to provide feedback regarding their customer satisfaction for this purchase process. Separately and after the general question towards customer satisfaction, test persons will shall reflect on the process of purchase by means of a 7-point Likert scale.

Afterwards the collected data will be analyzed with the statistics- and analysis-software SPSS. This allows to identify specific frequencies of variables, differences between variables and to draw evidence in regard to the hypotheses (Burns & Burns, 2008). In regard to the experiment, the following figure illustrates the expected results:

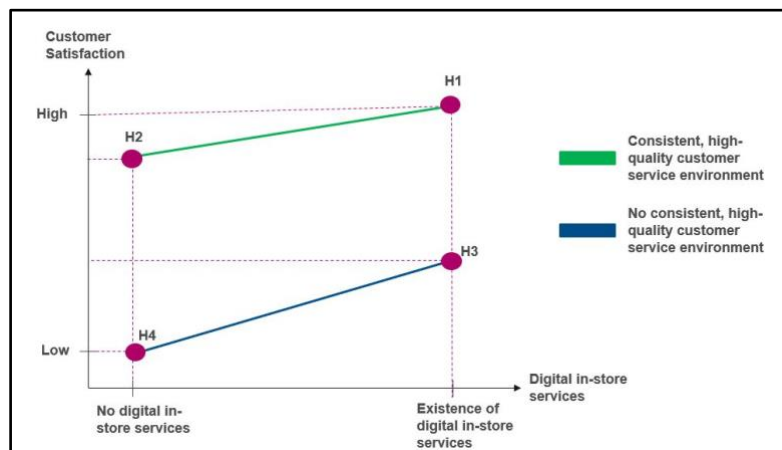


Figure 1: Anticipated results of the experiment; Source: Own depiction.

The anticipated results are expected to display that a consistent, high-quality customer service in combination with the availability of digital in-store services lead to a very high customer satisfaction why hypothesis one is confirmed. Here, the effect of having digital in-store services is expressed by a steady, positive but not very strongly increasing slope.

In case the consistent, high-quality customer service is omitted, it is expected that despite of the existing digital in-store service, customer satisfaction is much lower. In contrast, establishing a consistent, high-quality customer service without digital in-store services generates still a higher customer satisfaction than having only digital in-store services but no high-quality customer service why hypothesis two is confirmed as well.

In this context, it is recognizable that the effect of having digital in-store services on customer satisfaction is expected to be greater in a non-consistent, high quality customer service environment than the effect of having digital in-store services in a high-quality customer service environment leading to the result that hypothesis three is rejected. The slope of customer

satisfaction is in this case higher than in a consistent, high-quality service environment even though customer satisfaction still remains at a low level.

In contrast to this, missing digital in-store services and a no consistent, high-quality customer service environment are expected to lead to a very low customer satisfaction since customer expectations are not met. Subsequently, hypothesis four is confirmed.

4. Conclusion, Outlook and Limitations

The experiment investigates the effect of a process-oriented, consistent customer service and / or existence of digital in-store services of a fashion start up retailer on the customer satisfaction to provide new insights about customer requirements. With the aid of an experimental study including a 2x2 factorial design and a pre-/post-test, the findings are expected to display that a consistent, high-quality customer service in combination with the availability of digital in-store services leads to a very high customer satisfaction while a consistent, high-quality customer service without digital in-store services generates a higher customer satisfaction than having only digital in-store services but no high-quality customer service. The research is expected to reveal that the effect and slope of customer satisfaction is differing since the establishment of having digital in-store services on customer satisfaction is greater in a non-consistent, high-quality customer service environment than in a consistent, high-quality customer service environment. In contrast, the non-existence of both independent variables leads to a very low customer satisfaction.

The findings of the experiment provide new insights for scholars as well as for fashion retailers, for trading companies in the fashion industry and, to a certain extent, for retailers in other industries. The research project contributes to the demanded need for experimental studies about customer journeys and reveals new knowledge about influencing factors on customer satisfaction and the relation between process-oriented, consistent customer service and digital in-store services. Compared to this, fashion retailer can draw conclusions about the high importance of a process-oriented, consistent high-quality customer service and the benefit of integrating digital in-store services as an additional element for information and entertainment. It demonstrates that in a digitized era, a high level of customer satisfaction can be achieved if both components are fulfilled and companies should therefore not only rely on personal interaction with sales staff but should also offer additional digital in-store services.

Despite of the thoroughly planned research process, the planned study consists of some limitations that future research can address. Throughout the experiment potential research biases and quality criteria will be considered, however since the study will be conducted with the help of an experiment, not all influencing factors on the outcome can be entirely controlled. Moreover, it would be of high interest to receive in-depth statements, reasons and suggestions for improvements from test persons on the perceived customer journey why qualitative research methods could be additionally utilized to allow a more comprehensive interpretation of results. Moreover, the participants will be aware that they're being observed why further experiments in other fashion stores should be used to increase validity.

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