



University of Technology, Sydney

Strategic Services Marketing

IGA Group Report

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Introduction

This report will focus on Independent Grocers of Australia (IGA). Owned by Australian conglomerate, Metcash, IGA operates over 1400 stores across Australia (IGA, 2022). The purpose of this report is to provide IGA with managerial insights on customer key-pain points and service failures. Namely, insufficient relationship processes (listening gap), absence of customer driven standards (service gap), and insufficient communications between advertising and pricing (communication gap).

The data used in this report has been obtained from online customer reviews via Product Review's website. This information aided in understanding the customer experience at IGA. It also led to the creation of the service blueprint and the customer journey map. This report will discuss our findings from the data analysis, and customer journey map. It will also outline recommendations to overcome identified issues. Namely, an omnichannel marketing strategy, an effective service recovery plan, and a relationship marketing strategy with a focus on customer retention.

IGA SERVICE BLUEPRINT

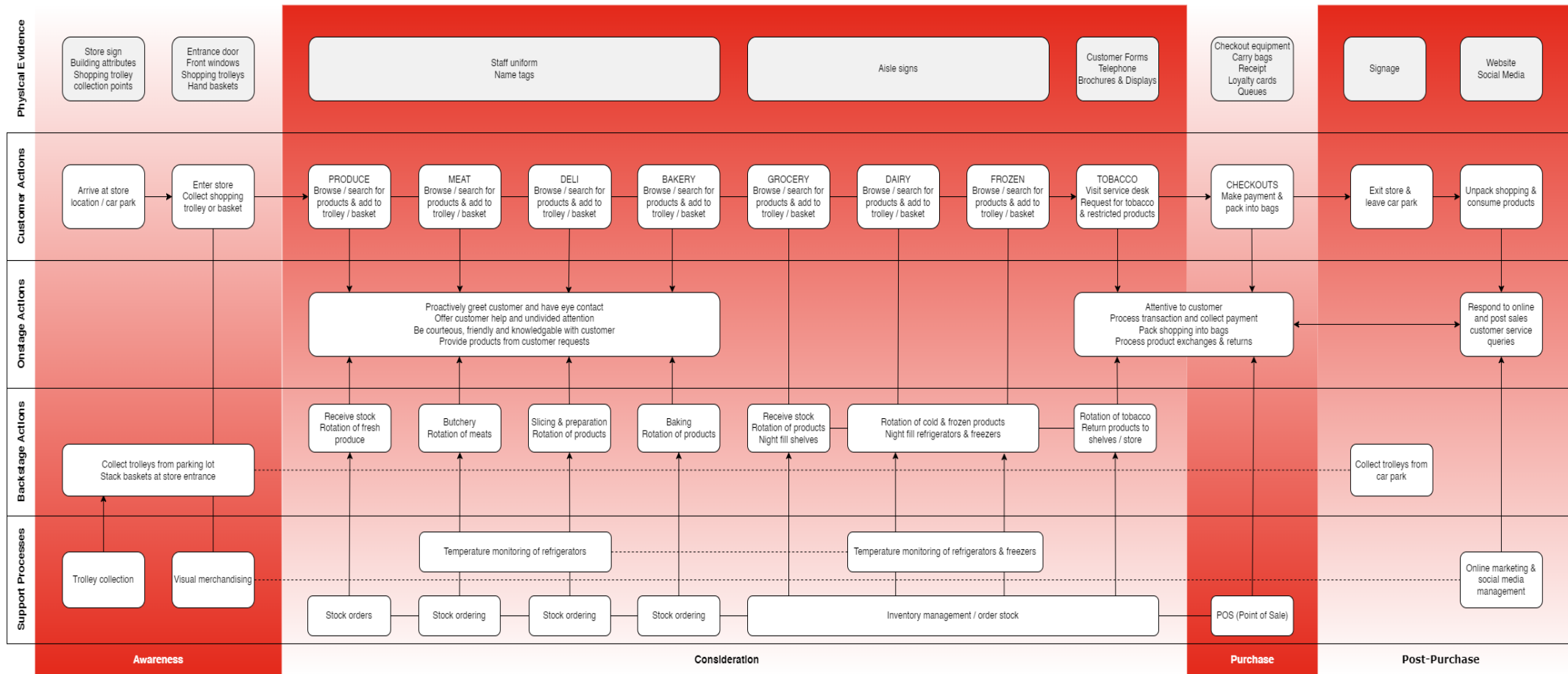


Figure One: IGA Service Blueprint

IGA Service Blueprint

To pin-point where IGA can boost customer satisfaction, explore new opportunities, and provide innovative solutions to improve the overall customer experience, a service blueprint was designed (Figure One). This serves as a visual representation that considers both how the customer interacts with IGA and how IGA meets customer needs. The following outlines a description of the service blueprint.

I. Awareness

The customer awareness journey includes physical evidence, customer actions, backstage actions, and support processes. At this phase, onstage actions are not considered. Primarily, customers are aware of the IGA physical store, building attributes, signage, visual merchandising, trolley bay and collection, and parking. IGA issue store signage kits, as illustrated in Figure Two to elevate store branding (IGA, 2022). The signage is intended to take shoppers on a journey as they move through the purchase funnel.



Figure Two: IGA Signage, Awareness Customer Journey

II. *Consideration*

At the consideration stage, all phases make up the customer journey. However, unlike that of awareness, consideration is more specific. For example, physical evidence looks at staff uniforms, aisle signs, customers forms, telephone, brochures and displays. Customer actions determine how customers select products and from what product categories. For example, meat, deli, dairy and so forth. The consideration stage is how customers interact with IGA staff, such as how customers are greeted, the friendly and helpful service in which they provide and product knowledge and know-how.

Backstage actions support the onstage actions whereby staff receive and rotate stock (both fresh and refrigerated), butchery and baking. The support process is what IGA does to ensure inventory is managed and stored in optimal conditions. This ranges from appropriate temperature monitoring, ordering, and maintaining stock levels to meet demand and deliver on quality control.

III. *Purchase*

At the purchase stage, backstage actions are not applicable. This is where the customer experiences queues, checkout equipment, carry bags, loyalty cards and then proceeds to check out and make payment at point-of-sale and/or exchange or return goods.

IV. *Post Purchase*

In the final stage of post-purchase all phases are factors in the customer experience. Physical evidence is IGA signage, website, and social media presence. Customers actions are how they leave the store, exit carpark, and unpack their shopping. Onstage actions allow IGA to respond to online and post sales customer service queries and backstage is the collection of trolleys from carpark. Finally, the support process is online marketing and social media management.

IGA Business Process Model

In addition to the service blueprint, the business process model (Figure Four) illustrates when IGA should take corrective actions in order to create a delightful experience for their customers. For example, our analysis indicated that information relayed to customers was not always correct (Communication Gap): 'I'm being charged for two instead of one' (Product Reviews, 2021). Secondly, IGA lacked customer driven standards (Service Gap): 'They claim to be an Independent Grocery Australia...but this is crock', and 'very disappointed by the customer service... with an inadequate service person' (Product Reviews, 2021).

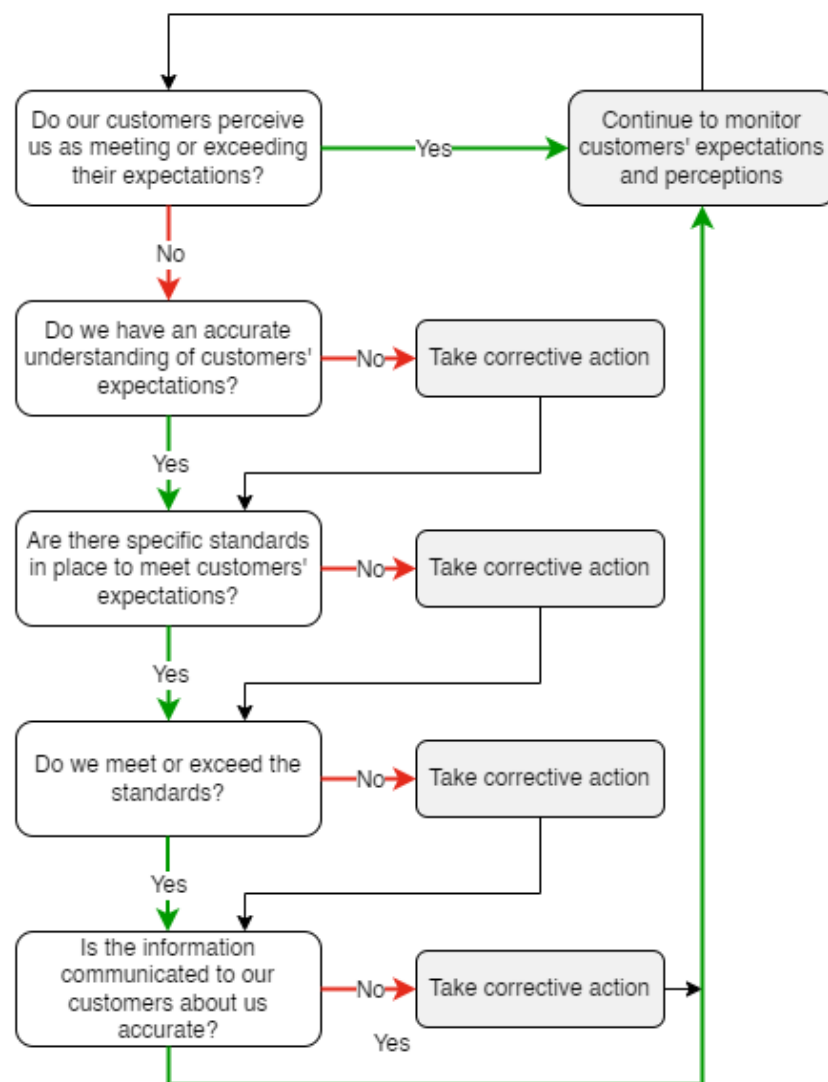


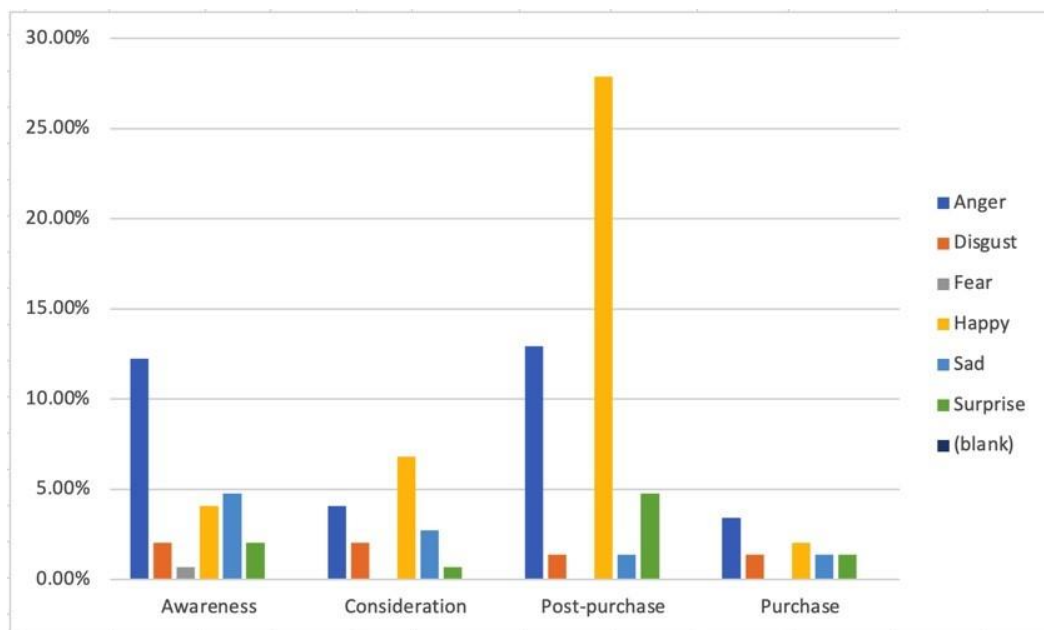
Figure Four: IGA Business Model

Data Analysis

The following section of the report outlines our data analysis generated from Product Reviews. The analysis has been divided into customer emotions, sentiment, and gap type.

Customer Emotions

- As indicated in Figure Five and Six, most customers felt angry in the awareness phase (only 4 percent indicated happy emotions).
- During the consideration stage, many customers identified as happy.
- During the purchase stage, the emotion figures show 3 percent felt angry.
- During the post purchase stage around 28 percent of customers indicated happiness.

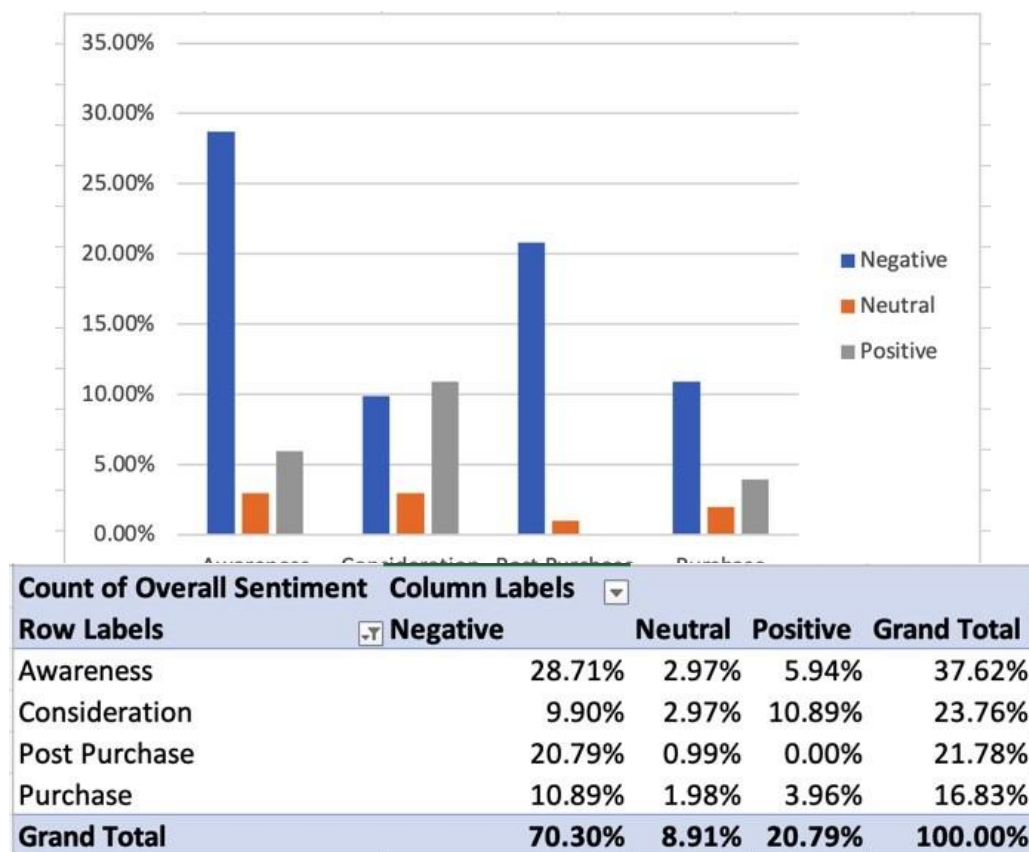


Count of Customer Emotions		Column Labels							
Row Labels		Anger	Disgust	Fear	Happy	Sad	Surprise	(blank)	Grand Total
Awareness		12.24%	2.04%	0.68%	4.08%	4.76%	2.04%	0.00%	25.85%
Consideration		4.08%	2.04%	0.00%	6.80%	2.72%	0.68%	0.00%	16.33%
Post-purchase		12.93%	1.36%	0.00%	27.89%	1.36%	4.76%	0.00%	48.30%
Purchase		3.40%	1.36%	0.00%	2.04%	1.36%	1.36%	0.00%	9.52%
Grand Total		32.65%	6.80%	0.68%	40.82%	10.20%	8.84%	0.00%	100.00%

Figures Five and Six: IGA Customer Emotions

Customer Sentiment

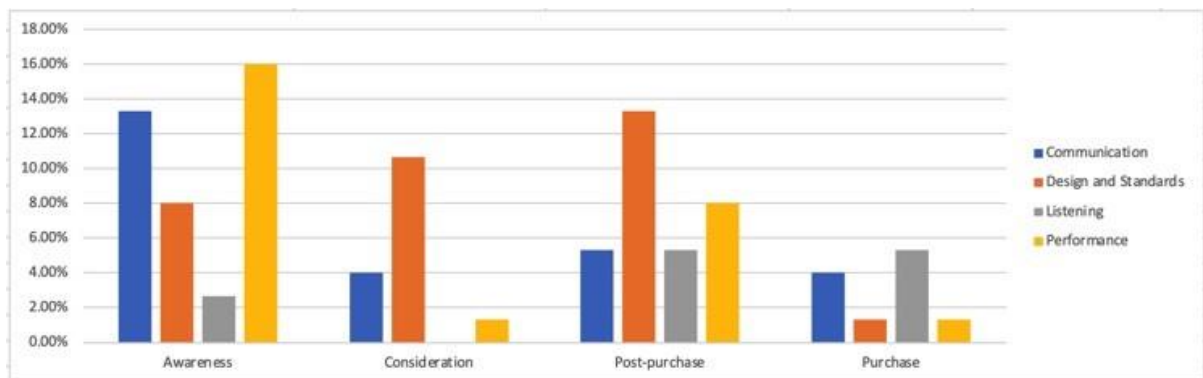
- While negative feedback is one of the most significant portions in the awareness phase, 29% of customers gave a negative rating to IGA. Therefore, IGA must consider how they communicate with customers.
- During the consideration stage, the percentage between negative and positive feedback are similar.
- The overall sentiment in the purchase phase is negative (10 percent).
- Figures Seven and Eight also show that 20 percent of customers gave negative feedback in the post-purchase phase. It is important to note that, no individual gave positive feedback here. *This is crucial information for IGA and will provide basis for recommendations in the latter end of this report.*



Figures Seven and Eight: IGA Customer Sentiment

Customer Gap Type

- Overall, in the first phase, the majority of gaps happened with the performance gap, which is 16 percent. However, Figures Nine and Ten show a 13 percent communication gap in the awareness phase.
- The most common gap in the consideration phase is the design and standards gap, which is around 11 percent.
- Additionally, the majority of gaps in the purchase phase are the listening gap and communication gap, which are 5 percent and 4 percent, respectively.
- The gap type varied across the post-purchase phase, with 13 percent being the design and standards gap, followed by an 8 percent performance gap.



Count of Gap Factor	Column Labels				
Row Labels	Communication	Design and Standards	Listening	Performance	Grand Total
Awareness	13.33%	8.00%	2.67%	16.00%	40.00%
Consideration	4.00%	10.67%	0.00%	1.33%	16.00%
Post-purchase	5.33%	13.33%	5.33%	8.00%	32.00%
Purchase	4.00%	1.33%	5.33%	1.33%	12.00%
Grand Total	26.67%	33.33%	13.33%	26.67%	100.00%

Figures Nine and Ten: IGA Customer Gap

Customer Journey Map

Phase of journey	Awareness	Consideration	Purchase	Post-Purchase
Actions What does the customer do?	Searches for car park Enter store Sanitise hands Get a trolley	Browse the aisle Compare products Ask staff for locations	Select products to put in basket Walk to check out Employee scans items Employee bags items Taps card on Efpos machine	Receives receipt Put groceries in trolley Takes cart to car
Touchpoint What part of the service do they interact with?	Car park Security guard hand sanitiser	Sales items IGA employee Trolley	Checkout counter IGA employee Check out machine Efpos Machine	Receipt Trolley Security guard Car park ticket
Pain Points What is the customer thinking?	Broken trolley Busy car park	Product price too high Rude employees Poor food presentation Poor food packing Hot store temperature	Barcode not true to price	Rude staff at checkout Customers queueing Bag Food bagaging
Customer Feeling What is the customer feeling?	😡	😊	😡	😊

Figure Eleven: IGA Customer Journey Map

Customer Journey Map Findings

The customer journey map has been divided into four stages: awareness, consideration, purchase, and post-purchase. The map is based on the customer's point of view and their shopping experience.

Customer actions have been broken down into steps based off the most common action points identified in our research, beginning from the IGA car park. The touch points have identified where IGA had an impact with the customers experience with a particular service they offer. For example, hand sanitizer or shopping carts.

When we compared customer emotions to the customer journey process, we found the highest number of reviews were based on the post-purchase stage of customer journey (48.30%), as seen in Figure Twelve:

Count of Customer Emotions		Column Labels					
Row Labels	Anger	Disgust	Fear	Happy	Sad	Surprise	Grand Total
Awareness	12.24%	2.04%	0.68%	4.08%	4.76%	2.04%	25.85%
Consideration	4.08%	2.04%	0.00%	6.80%	2.72%	0.68%	16.33%
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Grand Total	32.65%	6.80%	0.68%	40.82%	10.20%	8.84%	100.00%

Figure Twelve: IGA Customer Emotions

Customers were also found to be the happy in consideration and post purchase stages, and angry in awareness and purchase stages. Based on our findings, the negative and angry reviews often related to product pricing, poor customer service, and poor food packaging. This is evident in a high percentage of negative one-star reviews, where

Recommendations

The following recommendations have been designed to address the negative customer emotions and negative sentiment identified in the awareness, purchase, and post-purchase stage of the customer journey.

Recommendation One: *Awareness*

During the awareness stage of the customer journey, our analysis identified the key pain points as poor advertising efforts and customers being unaware of promotions, and therefore missing out on discounts. In order to resolve this problem, it is recommended IGA implement an omnichannel strategy as it creates more options for customer engagement. Figure Thirteen indicates channels for communication.

Online Channel	Offline Channel
Social media marketing IGA Facebook page, IGA Instagram page Snapchat, Twister or Pinterest etc.	SMS marketing
Email marketing	Social Event
Website	Poster
Search engine	Media such as radio, television, local newspaper

Figure Thirteen: Various forms of IGA communication

The use of an omnichannel strategy is designed to make customers more aware of promotions offered by the supermarket chain. It will also allow IGA to achieve higher sales.

To increase awareness of IGA it is also proposed they use co-branding to enhance brand image. Customers will recognise IGA more if they collaborate with another brand. The co-branding could also establish new customer segments to the business. They could emphasise the freshness of their products by co-branding with a company such as, Sanitarium Health Food, who believe in the health and wellbeing of every Australian. This can improve their reputation of a supermarket who delivers quality and fresh produce.

Recommendation Two

Purchase

Our analysis also identified that IGA does not have an effective service failure and recovery system to deal with customer complaints. The overall customer sentiment in the purchase stage was negative and the following has been designed to change this to a positive sentiment.

The benefits of implementing an effective recovery system include a positive 'impact on customer satisfaction, loyalty, word of mouth communication, and bottom line performance' (Zeithaml et al., 2013, p. 181).

The first step is implementing A Feedback Recovery System

1. When a customer leaves a negative review online, it will be flagged to the newly appointed IGA service team. The aim being to learn from the negative interactions and address and issue directly (Adams, 2019).
2. The service team will process all negative feedback and reviews will be grouped into categories to determine the level of importance and action required. Categories include:
 - ❖ *Voicers*: Marked as mid to high importance. Voicers actively complain and present IGA with a second chance to improve customer satisfaction. Many were recognised in the analysis. It is proposed the service team treat voicers as their best friends (Zeithaml et al., 2013) and respond directly to their complaint. For example, offering vouchers and discount codes if the complaint is directed to consistently poor customer service.

Messages will be personalised and read as follows:

Hi _____ (insert customer name) we are so sorry to hear that your experience at IGA was not up to scratch! We pride ourselves on _____ (insert customer complaint) and please know we are taking your feedback seriously. Here is a _____ (insert discount or small voucher) to say thank-you for helping us improve!



Figure Fourteen: IGA 'We're sorry' Card

This has been recommended because vouchers increase customer loyalty, help customers spend more and aid in retaining current customers (Somoye, 2022).

- ❖ *Irates*: Marked as mid to high importance. IGA should be aware of irates as they are less likely to give the supermarket a second chance and will switch to a competitor (Zeithaml et al., 2013). Many irates were identified in the analysis. They demanded action or claimed they would start shopping elsewhere. To counteract irates, IGA should offer 'we're sorry cards' (as mentioned above) as well as sending this message:

- *Hi _____ (insert customer name) I hope IGA were able to turn things around for you.
Is there anything else we can help you with?*

- ❖ *Activists*: Marked as high importance. Activists were named in the analysis and similarly to voicers, they know the positive impact of complaining and the service team will respond to their claim in a similar way to voicers and irates.

3. Once the complaints have been categorised, it is recommended the service team provide fast responses. This is because complaints which are addressed in a timely manner (within 24 hours) are more likely to create satisfied IGA customers (Zeithaml et al., 2013).

4. IGA should also supply adequate explanations as why the failure occurred and maintain that the response whether it be a personalised message or voucher match the level of customer dissatisfaction (Zeithaml et al., 2013).
5. Lastly, it is advised the service team share the complaints during employee trainings. This will coach staff members on how to avoid certain failures and allow management to systematically track themes in their failures. After the customer has been contacted, the case will be marked solved. This will allow IGA to measure changes in customer sentiment (Adams, 2019).

Measurement and Evaluation

The effectiveness of IGA's omnichannel strategy and feedback system will be measured via the following.

- ❖ *Net Promoter Score (NPS)*: NPS helps to measure loyalty to IGA by asking customers their willingness to recommend the supermarket. This question will be asked via a scale, as seen in Figure Fifteen. IGA should pay close attention to those who score below eight. Defined as detractors and passives, these individuals are more likely to spread negative word of mouth and switch to competitors such as Woolworths and Coles (Bassig, 2019).

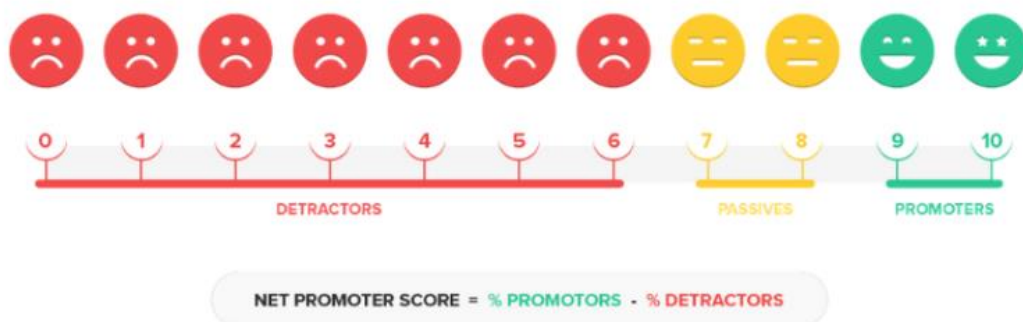


Figure Fifteen: NPS Score

- ❖ *Advanced Net Promoter Score (NPS+)*: As NPS will not provide IGA a reason behind the score (Bassig, 2019), NPS+ will be used to explore the reasoning for a rating. The service team will give options such as, pricing, quality of products, and customer service options or allow the customer to specify. The use of an open ended question such as, *please specify* is an effective way to highlight the root cause of the service failure (Question Pro, 2022). Secondly, the response from the open ended questions will allow the service team to run sentiment analysis (Question Pro 2022) and use this data to help reduce failures and increase profitability at IGA.
- ❖ *Customer Satisfaction Score (CSAT)*: CSAT focuses on customer feeling and emotions (Bassig, 2019). This metric is useful in showing if the customer is delighted with IGA's omni channel strategy and response to service failure. As indicated in Figure Sixteen, CSAT will be calculated by dividing the number of happy customers (delighted by the service recovery) divided by total number of customers who complained.

$$\text{CSAT Score \%} = \frac{\text{Number of Satisfied and Unsatisfied Responses}}{\text{Total number of Responses}} \times 100$$

In other words,

$$\text{\% of Happy Customers} = \frac{\text{Number of Happy customers}}{\text{Total number of customers}} \times 100$$

Figure Sixteen: Customer Satisfaction Score

Recommendation Three

Post Purchase

It is proposed IGA implement a customer retention program and improve their current customer loyalty program. This is because we identified failure in the listening gap. This recommendation is based on relationship marketing.

Customer Retention

It is advised IGA to create a customer database program to identify customers by their profitability. Profitability segments will give IGA data to understand individual customer spending habits. For example, a customer who spends over \$400 a week is classified as platinum (Figure Eleven). Whereas someone spending \$20 a fortnight is defined as lead. Grouping customer will improve customer experience.

FIGURE 6.3
The Customer Pyramid

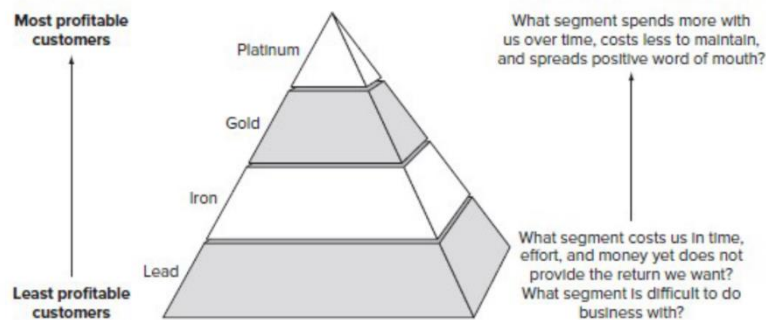


Figure Seventeen: The Customer Pyramid

Customer Lifetime Value Measurement

Another part of improving customer experience and measuring customer retention is understanding customer lifetime value. From Figure Seventeen on customer profitability segment, each customer segment will have a different spending habit depending on their experience at IGA.

The important of customer lifetime value factors are:

- How much would the company earn from one customer?
- Average of length of the relationship
- Cost on each transaction

All above are the important factors that will bring a greater profit to the company and close the listening gap. An IGA reward program or loyalty program will retain and building trust for customer.

Each customer segment will be nurture relationship differently such as:

- Building more relationship on platinum customer by offer discount as part of reward program to this group of customers. Ask them to comment on the inadequate product range. This aim to build a positive reinforce for customer who spend more.
- Expand more on loyalty program on the lead tier (bottom range) customer such as email marketing by using newsletter, weekly special catalogue, and weekly recipe to focus on nurturing, transforming, surprising, and educating this customer segment for more engagement with the company.

This method of nurturing relationship will enhance customer experience. It could generate more referrals to a better word of mouth.

Budget

Over a six-month period, the allocation for these recommendations is \$100,000.

<i>Expenses</i>	<i>Allocation</i>
Advertisement on search engine	\$2,500
Advertisement on social media	\$2,500
Offline material Poster, Catalogue, recipe, newsletter, loyalty card etc.,	\$5,000
IGA Website upgrade and maintains	\$3,000
Reward and gift card (sorry card) voucher and promotion sale	\$2,000
Sponsoring charity event or working with charity organisation	\$15,000
Improve store appearance and maintain the store outlook	\$30,000
Management and franchises training as part of company operational such as company goal and objective, occupational health, and safety of the store, food handling, rule, and regulation for employee.	\$10,000
Online staff training program: Food health and safety Customer service Handling customer complaints Stock rotation Service	\$20,000
Staff amenities such as: lunchroom, toilet, staff party etc.	\$10,000
<i>Total cost</i>	\$100,000

Conclusion

After carefully considering the findings, IGA blueprint and customer journey process and disparity between the customer experience and how IGA meets those needs, strategic recommendations have been provided to close these gaps to improve the overall customer experience. In conclusion, the implementation of the services marketing program will address

the following identified key pain-points, (1) awareness, (2) an affective service recovery plan and (3) customer retention.

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