

Chinese Home Appliance Retailing Services Marketing Strategy based on Customer Value

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Abstract. The competition is very fierce in the modern business, more and more enterprises believe in the importance of service marketing. This paper analyzes Chinese home appliance retailing service marketing from the view of customer value and put forward many strategies, such as: service design considerably, hearty service and setting up the whole system of service marketing. As a result, it improves customer satisfaction, so as to enhance the Chinese home appliance retailing service marketing level.

Research on Customer Value and Service Marketing

Research on Customer Value. Foreign researches on custom value were mature in the end of 20th century, the very first customer value concept mainly discussed how to measure customer value. Jakson(1985) who was a scholar and the first one gave the definition of customer value. He first suggested the “value” is actually the definition of “customer value”. He thought value is the ratio that can perceive interest and price. The price includes purchase price and the price of receiving, transportation, installation, order and the risk of failure. The definition of customer value reveals the subjectivity and relativity. It is the earliest research results.

Kotle think customer value also named Customer Delivered Value is the difference of the total customer value and total customer cost. On one hand, the total customer value that customer expect to obtain a group of the interests from economical, functional and psychological characteristics because of product, service, personnel and image and other reasons, it is also called customer total value. On the other hand, the total customer cost is a group of cognitive costs that happened on evaluation, acquisition, using and dealing with the product or service, including monetary cost, time cost, energy cost and psychological cost. It is also called customer total cost. Customer delivered value decides what kind of products and services the customer chooses.

The domestic study summarizes and arranges many materials on the basis of the research abroad. Professor Bai Changhong and some scholars from Nankai University take the view of Gronroos, Parasuraman, Woodruff, Zeithaml as a reference; they did a lot of work with previous studies, and then have the same conclusion for the customer value. (1) The customer value is a perception utility that customer can judge from the product service, this can not be decided by the enterprise. (2) The customer value is actually the perceptive value of customer, the core is to balance gains and losses that customer perceived. That means the balance between the perceived benefits (such as income, utility) and the perceived price of the products and services that obtained or enjoyed (such as the price paid or other opportunity cost). (3) Customer value has different levels, dynamics and relations. (4) The customer value comes from the inner side, or associates with the use of the products. Service marketing will create more value to the customer comparing to the simple trading service.

Discussion on Service Marketing. Professor Ruth N. Bolton from Arizona state university introduced services as the enterprise competition strategy; he thinks it is one of the major future research directions. Through redefine its connotation and extension, the enterprise income will change from entity products as the center to service as the center in the future. Service innovation will become a source of enterprise growth. What's more, the enterprise, the consumer and partners

will together create value. It's a main direction on service value creation. Therefore, the enterprise should strengthen their service design ability and service executive ability, thus it makes the service become the enterprise's effective competition strategy.

Professor Fan Xiucheng from school of management of Fudan University introduces element analysis method to review and summarize antecedents and consequences of the quality of service. He gives a good summary and integration for service quality research which is the important direction of service marketing. Then get some consensus of conclusions and effective paths. What's more, he points out that researching on antecedent is important for future service quality research because basically the problems of consequences research have been solved and answered.

The research topic on both home and abroad literature on the basis of customer value concentrates on pricing strategy. In reality, home appliance retailing enterprise competition change from price competition to provide customers with more innovative services. That is to say: make the customers receive more value. Therefore, for the home appliance retailing enterprises, service marketing on customer value means to guide the marketing activities with the purpose of service. The enterprises take service marketing as the center instead of traditional entity products sales. All the marketing measures taking by the enterprise should bring customer interest, i.e. to increase customer value. At the same time, the enterprise gain more interests from customer service. As a result, it's a new marketing concept of service marketing on customer value. It provides some specific or personalized service as the core and takes various marketing measures to improve customer satisfaction and loyalty. The enterprise gets long-term growth on economic benefits, it achieves double win.

Current Situation of Chinese Home Appliance Retailing Service Marketing

Peter Drucker said: "21 century of multinational companies are not likely to be manufacturing companies but the service industry, the new economy is the service economy, service is the competition advantage."

Home appliance retailing industry doesn't have its own entity products and technology. Therefore, marketing is the top priority. As the Chinese home appliance retailing industry leader, there is a word from Suning Appliance, that is: all of us do business, marketing; the enterprise take marketing as the guiding principle, marketing is the most important principle to guide everything. The management serves marketing and after sale service support marketing. Anyone, whatever a position, a level, should have the concept of marketing in Suning. The enterprise's senior management, especially the general manager must major in marketing.

"Service is the only product of Suning. Customer satisfaction is the ultimate goal of Suning service." When Suning staff speaks of marketing, they mean service marketing, serve the suppliers and serve the consumers. Service creates the value for the consumer; also create value for the enterprise itself. One poll from Harvard University point out that making a little improvement about the customer relationship quality will produce unexpected great influence, it can double the sale's interests. The research report also point out that those customers who come again can bring the company 25%-85% of the profits. The factors that attract them to come again include three levels, the first is the quality of the service, the second is the quality of the product itself and the last is the price.

Service is the core of the home appliance retailing industry. However, in the 20 years of the development process, Chinese home appliance retailing enterprises met a lot of problems of customer service, even customer complaints. The problems are differ in thousands ways. For example, product delivery and installation is not on time; new product damaged when entering the house; after sale service is not in time; digital product's components warranty problem; fault product replacement, and so on.

Suning Customer Service Center analyzed some samples from 50 million customer buying materials and found that the ratio is 20% one customer shopping in Suning twice in a year, 50% shopping twice in the three years and 90% shopping twice in the five years. In fact, to maintain the

leading force of the enterprise development need the old customer's support. And the effective ways to sustain the old customer loyalty is service innovation.

Service Marketing Design Principles of Chinese Home Appliance Retailing Industry on the Basis of Customer Value.

The Chinese home appliance retailing market develops so fast, and the consumers are mature gradually. It is not significant of the product and the price difference. Looking for new marketing strategy becomes the new way to develop the enterprise. Service marketing is a new marketing concept. It must follow the following principles based on the basis of customer value of Chinese home appliance retailing service marketing design.

(1) Identify customer value dynamic principle. For the home appliance retailing enterprises, the customer community, no matter from age layer, or from education and income, are very wide. It should be said, each class of the whole society can be their customers. Different customers have different value orientation. It is dynamic for the same customer to perceive a particular product value. Therefore, the enterprise shall regularly research on the customer's value orientation. It can identify different customer group value orientation reasonably. This can adopt appropriate service measures.

(2) Three moderate principles of value-added customer service. The service marketing idea of home appliance retailing enterprises on the basis of customer value is to increase customer value from promoting customer satisfaction and loyalty through value-added service project. There are three principles must be followed, they are: set value-added service projects moderately, implement value-added service methods moderately, provide value-added service objects moderately. Follow the three principles can maintain the enterprise's economic benefits growth for a long time, and the customer value also can increase sustainable.

Service Marketing Strategy of Chinese Home Appliance Retailing on the Basis of Customer Value.

Correlation analysis based on customer value: to improve the Chinese home appliance retailing industry service marketing level, we should increase total customer perceived value, reduce the total customer cost, do service design and serve customer with heart. To create the whole service marketing system is to improve customer satisfaction.

Human-oriented, service design considerately. Liu Liwen from Tsinghua University mentioned: "According to the service enterprise management objectives and resources characteristics, to overall plan and design for the service operation, the core content is to provide organic combination for the complete service products and services, that is service design." Therefore, Chinese home appliance retailing industry service design can start with the customer demand, Analyzing the consumer's service demand can clearly understand their different levels, different kinds of demand, such as: grasp the common demand of full set home appliance for decorating the bridal chamber, or the special needs to improve the living conditions of the old home appliance changing, or to buy a product of implicit requirement for high quality after sales services. At the same time, the market research department can use track service, questionnaire and depth interview to analyze the customer's consumer psychology and behavior. There are three customer consumptions: "must" consumption; "regular" consumption and "uncertain" consumption, thus knowing why they buy the special home appliance can get customer satisfied fully if launch targeted advertisement appealing and sales promotions.

In the content of service design, it mainly means the environmental elements design and service process design, the current home appliance retailing enterprise attach great importance about shopping environment and service process design. They design elaborately about the layout, decoration, equipment selection, service items, the assistant's language standard, guide behavior and guide process of the shopping places. Suning, as a representative of the home appliance chain enterprise in home, get on the standardization of the road. She formulated the "three meters

principle”, “the first responsibility system”, and so on. To ensure service process standardized. However, with paying much more attention to “human oriented” in the modern commercial service, the design is far from meeting the psychological demand of consumers. With customer get used to it, “visual fatigue” and “eyeball effect” bring little marketing effects. Therefore, taking the customer satisfaction as the ultimate goal of Chinese home appliance retailing industry, designing unique “human oriented” shopping environment, joining bright color elements to the existing icy color of the home appliance product, dividing display divisions into unique “customer unit”, adding more individual character design to store music, these can build a good shopping atmosphere and fun.

“Hearty” Service, shaping employees of “communicate attentively”. At present, in the process of service marketing of Chinese home appliance retailing industry, the urgent problems is how to shape “people”. The service existing in the home appliance retailing store is quite primary service, the clerk will give a warm “welcome”, but this “welcome” is very mechanical, only as a task, not communication, their eyes are not look to the customer.

Therefore, in the service process, it’s important to shape “eye contact” and “communicate attentively” employees. Whether you are a promoter of manufacturer or an internal staff of the home appliance retailing enterprise, you should immediately realize you are a salesman whose words and deeds represents the enterprise as long as in the store. The enterprise service concept shall all be kept in mind and put into practice.

Suning Appliance had invited the Japanese trainer to provide training for its LAOX staff in order to instill the idea “hearty service” into their Chinese employees. The so-called hearty service is the concept extending of “service”-----It doesn’t mean the service is you come to the store; sell the product to the customer. You should thank with heart that the customer come to the store and buy some products. This is the height of Suning to look at the service, it’s a win-win and even multi-win service concept. However, Chinese employees do not understand the service concept in a shot time, the feedback from the trainer is also proved this point.

China’s retailing development time is not long, local growing up home appliance retailer initially focus on enclosure and open a shop, but when they realized the concept of taking the consumer as the center is a further development way, obviously there is a long way to go. It’s one of the most key parts to turn the service consciousness of employees and the service concept.

Change character, create the service marketing system. To establish the overall service marketing system, two characters varying need to be realized: one is the sales staff, change their role from product promoter to customer shopping consultant; the other is customer service staff, change their role from the customer complaint listener to problem solution provider, to solve customer problems completely.

The existing promoter of home appliance retailing enterprise is the one from manufacturer, basically, it serves their own brand. In the process to sale product, there will be inevitable brand orientation, it has a kind of subjective guidance to the customer, and this sales process is not good for running the whole store.

In the whole service marketing system, sales staff should provide shopping consultation to the customer with no brand bias. All staff belongs to the home appliance retailing enterprise. It provides training like product knowledge and sales skills. This means that these staff must master the complete product knowledge. At the same time, be good at communicating with customers, digging out the needs of the customer to the shop even potential requirements. In the current enterprise customer service process, the service staff is busy for applying membership card, answering the call from customer and handling customer complaints, etc. In the new business competition mode, these are far from enough. The new customer service should provide complete solutions, for example, the customer will get the selection and installation of full set of home appliance according to the family finances, decoration style, individual’s likes and dislikes. To some extent, this is a higher level to serve the customer, which is also the future direction of the service enterprise.

Perfect service contents, increase customer perceived value. The traditional service projects of home appliance retailing enterprises are nothing but pre-sale meticulous product introduction, considerate service attitude on the sale and installing and debugging in time after-sale. But these

cannot satisfy the customer's needs. They must gradually improve the following services.

Order services: the customer pay a certain percentage of the deposit before the deal, and pay the rest after the arrival of the goods as predetermined procedure.

Advisory services: the service personnel answer the customer's difficulties, provide out-of-stock product registration, and leave the after-sales service telephone and customer opinion sheet to customer.

Financial services: the home appliance markets offer all kinds of credit card payment system, installment and sell on credit, etc.

Image design services: the market need hire an image designer to design the indoor home appliance layout for the customer.

Rental services: the market can provide some higher prices home appliance products, such as cameras, video cameras, etc.

Temporary children care services: set children care room, take care of them with specialized person, and provide all kinds of toys, candy and cookies.

Joint sales services: home appliance markets can resell some tickets, theater tickets, phone cards, magazines, etc. in addition, free parking, mail order, maintenance, exchanged and other services should be improved.

All in all, home appliance retailing enterprises provide more perfect service contents and reduce the time cost, energy cost, psychological cost even including monetary cost for the customer. Let the customer have more benefits in psychology and economy.

Construct the interaction service marketing platform between the enterprise and the customer by using new technology. Due to the information technology and the internet widely applied, the marketing mode changed a lot. Home appliance retailing enterprise should make full use of new technology to innovate the service marketing mode and construct the interaction service marketing platform between the enterprise and the customer. It can lower the home appliance retailing enterprise and customer's interaction cost by self-service options and remote control service. So as to enhance the customer perception of service quality, and increase its economic interests double win purpose.

Self-help service is a kind of technology platform that the customer does not depend on the enterprise's employees. Remote control service system can monitor remotely, access and maintain the customer's home appliance equipment or facilities by the service provider.

It can find out the home appliance equipment existing potential problems in time, and it can provide real-time maintenance. This is a kind of safe and visual service path.

Conclusions and Recommendations

In the fierce competition in modern business, more and more enterprises realized the importance of service marketing. However, taking service as the rules and regulations of the enterprise doesn't equal to service marketing. We need to put the real needs of our customers in the first place, analyze customer's value cognition deeply, and then take a view of the enterprise service products, finally carry out specific service marketing and innovation service marketing. It truly serves the customer. Suning should do it, so does the Chinese home appliance retailing enterprise.

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