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What influence do Digital Technologies have on Service Quality in the U.K. Promotional Merchandise Industry?

(Development Paper)

Abstract

This paper aims to examine the influence digital technologies have on delivering and managing the service quality experience in relation to B2B customers purchasing promotional merchandise in the United Kingdom. The paper explores connections between service quality and the use of digital technologies throughout the purchasing process, from both supplier and distributor perspectives. The paper reflects on a wider research project that presents a conceptualised SERVQUAL model specific to the U.K. promotional merchandise industry.

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Introduction

Since the 1980's organisations have been focused on embedding customer orientated practices to develop relationships between the company and the customer (Zeithaml, Parasuraman and Berry, 1990; Wilson, Zeithaml, Bitner and Gremler, 2016). During this period to the present date developments in technology have transformed how businesses communicate with customers and have influenced service delivery practices. In the context of this research project, technology is viewed as the software applied by a promotional merchandise supplier, distributor and customer during the purchasing process. These include; email systems, stock evaluation systems, customer relationship databases, social media channels, e_bidding systems, quoting systems, web-based platforms and artwork generation software.

Alongside 'fast pace' changes with technology arises issues with understanding how software developments can influence business practices. Businesses tend to analyse the threat of new technologies but rarely assess the benefits (Cavalcante, 2013). For instance, the merchandise industry has been impacted by e_bidding systems adopted by blue-chip firms for procurement purposes. These systems drive down prices for the blue-chip company whilst damaging profits for distributors and suppliers. The perception of which is that the aspect of service delivery and the opportunity to build long standing relationships with clients is negatively obstructed. For this reason, BPMA suppliers and distributors collectively chose not to engage in e_bidding; instead rebelling against the client's preference. The unique nature of the industry and the 'friendly rivalry' that exists does tend to permit some power towards the supplier and distributor. Since blue-chip customers were restricted through tender criteria such as size and value of the supplier this approach worked well in responding to the challenges faced by technology.

The industry has realised that techniques used to develop customer orientated approaches have become more complex; the ease in which new technologies can be developed and tailored to personalise the customer experience can enhance the service offered to customers and develop long terms relationships. Businesses who focus on digital transformation and develop skills required for digital mastery are more likely to be successful (Westerman, Bonnet and McAfee, 2014).

Pre fast pace technology developments, businesses had a need to understand their client and take a more holistic approach towards delivering service quality. Kandampully and Duddy (1999, p.316) state that, "a detailed knowledge of the customer can thus be considered an important asset in a firm's quest for market leadership". This concept has not changed; however, it has become more complex with a requirement for firms to be digital masters too. Firms must understand the interrelationship between technology, digital mastery skills, and delivering quality to provide excellent customer service (Ronnback and Eriksson, 2012; Westerman et al, 2014). Therefore, successful businesses require to embrace digital transformation (Wetserman, et al, 2014) and adopt new ways of enhancing the customer experience in an online environment exploring ways to build better relations and manage service quality.

Challenges for firms include keeping up to date with the rate of change and understanding which technology adds value to the customer journey (Chaffey and Ellis-

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Chadwick, 2016). A firm's ability to understand the variety of technologies a customer engages with during the purchasing journey is essential as each has the potential to influence the customer perception of service provided (Straker, Wrigley and Rosemann, 2015). Fully understanding the influence digital technologies may have on service quality is essential to the promotional merchandise industry (Bodgers, 2014; Smith, 2014; Glenister, 2014).

The Corporate gift industry originally started in America, however, by the 1960's it had arrived in the United Kingdom. The industry showed notable, 'rapid growth' in the years 2003 – 2006 (Ying, 2006). It was believed that, "expenditure on corporate gifts and incentives would follow a similar pattern to that of sales promotion industry which grew from 3.0 billion in 1991 to 8.6 billion in 2000" (Ying, 2006). This was a 286% increase in a period of 9 years. The global Promotional Industry which includes Corporate gifts and incentives generated 10.1 billion in 2001 (Mintel, 2002).

The U.K. trend has demonstrated continued growth over several years leading to the industry value having a £50 million increase compared with the 2008 pre banking crisis (Sourcing City, 2017). In the U.K the industry is valued at £966,440,000 and is estimated to have 1,975 distributors. However, a small number of these distributors are worth £572m (Sourcing City, 2017).

A major problem that U.K. Promotional Merchandise companies are faced with is, though Corporate and promotional gifts are viewed as an important tool in the marketing mix and the sales promotion strategy; there is usually no specific budget set aside for this activity (Bodgers, 2014; Smith, 2014; Glenister, 2014). Therefore, there is high competition from substitute products. Focusing on building customer orientated relations and offering a high level of service quality that, in turn, allow promotional merchandise companies to stay engaged with the customer is imperative to a firm's success.

It is therefore important to understand how digital technologies are applied in the promotional merchandise industry and the influence digital technologies can have on service quality. This paper addresses these questions drawing on appropriate theoretical areas.

Contributions

The intention of this research project is to make several contributions to literature. Firstly, the research should advance the works on service quality by identifying specific dimensions that relate to the promotional merchandise industry. Secondly, a contribution to the literature relating to the application of digital technologies within the B2B environment, specifically the merchandise industry, and the implications this has on the businesses success will be developed. Thirdly, the paper shall link the aspect of service quality to the use of digital technologies. The effective use of digital technologies by promotional merchandise companies as part of a customer service strategy may contribute to the success of the company.

Theoretical Background

This paper builds upon the theoretical areas of Customer Relationship Marketing, Service Quality, Network Theory, Digital Marketing.

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Customer Relationship Marketing

There are a variety of views towards marketing, one being a non-relationship approach and the other being a relationship approach. A non-relationship approach views an exchange brought on by marketing activities as a reaction to what the seller has proposed through manipulation of the marketing mix (Barker, 2000). However, another view is that an exchange between the company and customer can also take place and be enhanced when there is a 'relationship' between the buyer and seller. The viewpoint considers that the relationship is mutually beneficial to both parties. This ideology was the foundation of the concept of relationship marketing.

Customer Relationship Marketing takes place when a firm develops strategies which assist in creating relationships with the customer so that they may gain their repeat business. Zeithmal, Bitner and Gremler (2006, p.177) state that:

"Relationship marketing (or relationship management) is a philosophy of doing business, a strategic orientation, that focuses on keeping and improving relationships with current customers rather than acquiring new ones."

Therefore, this technique is beneficial to a firm as seeking new customers can cost the firm as much as 'five times' more than is required to keep and work with their existing customers (Reichheld, 1996, Webster, 1994, citied by Williams, 1998). An approach some companies adopt to keep their existing customers is the development of a customer satisfaction strategy. Customer satisfaction is defined by Kotler (2004, p.40) as, "the level of a person's felt state resulting from comparing a product's perceived performance (or outcome) in relation to the person's expectations." This can be achieved by creating value for the customer so that the overall outcome of an exchange is a positive feeling. In this instance value creation refers to what benefits a firm can give customers in a competitively superior way (Wood, 2017). Benefits are perceived by the customer in the form of a need or want that the customer has. The firm should strive to satisfy these needs/wants better than their competitors. In turn, this should increase the likely hood of robust and long-lasting customer relationships evolving.

Customer relationships evolve e.g. by the customer and their brand, becoming known to the supplier because they build a rapport through a purchase transaction. This can, in turn, lead to value creation e.g. a supplier producing bespoke printed samples for the client showing that it matters to them that they purchase the right product that reflects their brand in a positive light. Problems arise when this type of behaviour is not standard throughout a company and therefore relationship management is used to blueprint strategies for specific situations e.g. all orders over a specific value receive pre – printed samples rather than just artwork visuals. The relationship being studied is that of the Business to Business environment where customer relationship marketing is highly relevant to the relationship. SERVQUAL builds on CRM theoretical concepts addressing how service quality can also enhance the B2B relationship.

SERVQUAL Theory:

Parasuraman, Zeithaml and Berry (1985) identified five core dimension of a service that are argued to be the main criteria customers assess service by. These dimensions include: Assurance, Empathy, Reliability, Responsiveness and Tangibles.

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The SERVQUAL technique is used to assist organisations in assessing customers' expectations and perceptions of the company service. Palmer (1998, p.161) states that SERVQUAL can be modified for a wide range of service industries and will allow, 'companies to better understand the expectations and perceptions of their customers'. The basic SERVQUAL method used is a 22-item questionnaire that relates questions to five broad dimensions which are attributed to assessing customer satisfaction (Table 1).

Traditional SERVQUAL Dimensions	
Dimension	**Description**
Tangibles	Appearance of physical element for instance, appearance of sales staff or the quality of brochures.
Reliability	Dependability, accurate performance for example, is information provided correct/accurate.
Responsiveness	Promptness and helpfulness for example are staff willing to help with enquiries.
Assurance	Competence, courtesy, credibility and security, for instance a proven track record in being a major player in the merchandise industry.
Empathy	Easy access, good communications and customer understanding, for instance, do staff deal with me in a caring fashion.

Table 1 SERVQUAL Dimensions

In terms of addressing the link between the use of digital technologies within the U.K. Promotional Merchandise industry and the influence this has on Service Quality it is anticipated that adaptions to the traditional SERVQUAL model will be required. Therefore, a conceptualised model has been developed.
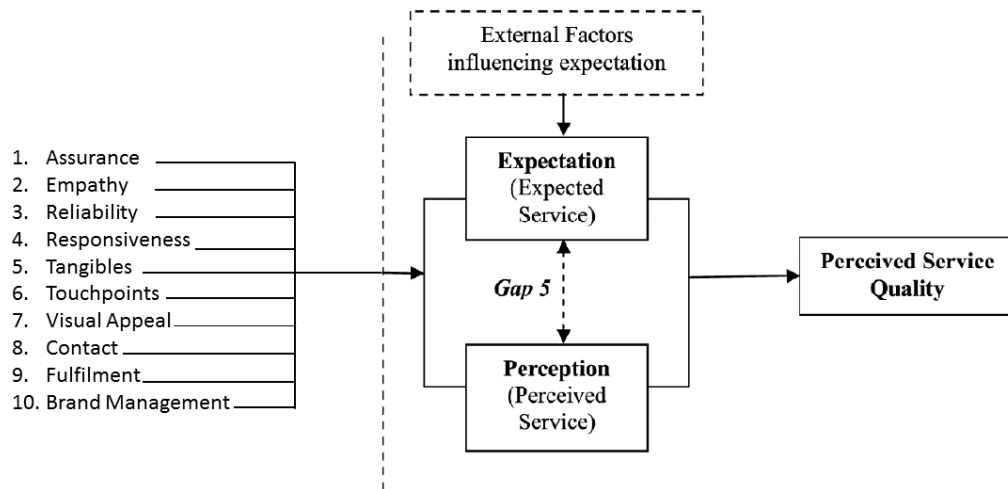
Proposed SERVQUAL Model for the Promotional Merchandise Industry
On the basis that evidence suggests that current SERVQUAL models are dated or are focused on very specific scenarios it stands to reason that that a new model should be developed specific for the Promotional Merchandise Industry. Major gaps that previous models have not addressed include:

1) The consumer purchasing journey has changed significantly since the 80s with the purchasing process not necessarily being confined to an off line or online scenario but an integrated journey with a variety of purchasing Touchpoints. Therefore, viewing customer service from a holistic point of view is required.
2) The unique nature of the purchasing journey with regards to promotional merchandise i.e. the need for human interaction and artwork management means that the complete purchasing process is not usually carried out online.
3) There is no specific SERVQUAL model or investigative research in this area been carried out for the Promotional Merchandise Industry.
4) The potential impact mismanaging a brand may have on a client in the B2B environment is significant. Therefore, service quality should address this issue.

Drawing on the four-recognised knowledge basis relating to epistemology a SERVQUAL model for the Promotional Merchandise Industry (diagram 1) has been developed aiming to address the gaps in the current models and present an alternative model.

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Diagram 1 Alternative SERVQUAL Model for The Promotional Merchandise Industry

The alternative model includes the original five dimensions and an additional five that are deemed relevant to the purchasing experience in the B2B scenario relating to branded merchandise (Table 2).

Promotional Merchandise SERVQUAL Dimensions	
Dimension	**Description**
Tangibles	Appearance of physical element for instance, appearance of sales staff or the quality of brochures.
Reliability	Dependability, accurate performance for example, is information provided correct/accurate.
Responsiveness	Promptness and helpfulness for example are staff willing to help with enquiries.
Assurance	Competence, courtesy, credibility and security, for instance a proven track record in being a major player in the merchandise industry.
Empathy	Easy access, good communications and customer understanding, for instance, do staff deal with me in a caring fashion.
Touchpoints	The no. of touchpoints in the customer buying process both in an offline and online environment.
Visual Appeal	Visual appeal of online content and offline influence on the decisions to purchase. When purchasing promotional merchandise, the supplier and / or is responsible for another business brand image and therefore their own representation online and offline may influence the final purchase decision.

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Contact	Recognising the offline and online touchpoints the 'Contact' dimension from the E_SERVQUAL model may be highly relevant for customers to feel confidence in the company they select.
Fulfilment	Due to the nature of promotional merchandise usually being a late consideration in a marketing campaign very often consumers find themselves 'tight for time' to order and have merchandise printed on time. Fulfilment information may be highly relevant to the experience. Particularly around Chinese New Year.
Brand Management	Perceptions of how the and supplier may manage their own brand and in turn the customers brand may be an influential factor. In a B2B environment the consumer does not wish their brand to be viewed in a negative light and may select a supplier based on how they will care for the customer brand too.

Table 2 Promotional Merchandise SERVQUAL Dimensions

Network Theory

Networking theory recognises the need to understand the flow of information between a variety of sources e.g. computers, people, systems etc. and this knowledge helps to understand how complex interactions can be monitored. Due to the evolving nature of the consumer purchasing journey and the potential interactions across many touchpoints, influencing service quality, the theoretical area of networking becomes highly relevant (Barker, 2000).

Methods

To answer the question, "What influence do Digital Technologies have on Service Quality in the U.K. Promotional Merchandise Industry?" a deductive approach will be adopted as the project originated from theory that led to hypothesis development (Bryman and Bell, 2015). The research includes two case studies, one from a supplier perspective and one from a distributor perspective. The data shall be collected using in-depth interviews with key personal from both management, account directors and account executives who liaise with customers. In addition to this a quantitative survey shall be sent out to the client base of both companies. The design is a convergent parallel design which will permit for triangulation of data and confirmation of findings from a variety of research methods (Bryman and Bell, 2015).

Case Study methods are suitable for investigating complex non-linear relationships. The multi case study approach follows replication logic where each case is distinct (Eisenhardt, 1989; Yin, 2003; Yin, 2015). The research foundation will be grounded theory which is mainly used for qualitative research (Glaser, 2001). However, it is also recognised as a general method that can be used to analyse a combination of data; both qualitative and quantitative (Saunders, Lewis and Thornhill, 2007; Malhotra and Birks,

2003). Grounded theory building involves generating insights from field-base case data (Glaser and Strauss, 1967). It is anticipated that interpretation of data shall provide accurate insights in relation to the area of study

The data shall be interpreted in conjunction with the software program NVivo. This will permit thematic analysis and allow for quantitative data to be viewed in parallel with qualitative data and allow for the data to be merged, thus supporting triangulation.

Developing Paper prior to Discussion

The paper plans to develop a conceptualised model of Service Quality specific to the United Kingdom Merchandise Industry. The study will examine the theoretical connection between digital technology application within the industry and service quality. This, in turn, means that the research shall contribute to the literature previously outlined (service quality and B2B application of digital technologies). In addition to this it is anticipated that the research will have a practical benefit for the industry by providing a bespoke service quality model that should allow companies to measure service quality in a precise manner giving due consideration to the specific challenges that relate to the branded merchandise industry and the unique relationship that is developed between customer and company.

Challenges expected include staff members giving an honest appraisal of how the company manages the customer relationship and providing service quality. This will mean respondents have to reflect on their own 'role-played' and may find it difficult to be critical. However, by taking the assessment to the quantitative stage this should help alleviate this issue.

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