



Comprehensive Study on Customer Service Level for Paint Trading Company in Sri Lanka

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ABSTRACT

The main objective of this research is to identify the principle items and main dimension, which affect on the customer satisfaction level of ABC Paint Lanka (Pvt) Ltd*, a leading paint trading company in Sri Lanka. After identifying those principle items and the main dimension, the current satisfaction level of the Channel Partners (CP) was determined. CP means that people who are selling paints of the ABC Paint Lanka (Pvt) Ltd. Moreover, to what extent customer satisfaction is influenced by customer category can be assessed. These categories are based on performances of the CPs. Resorting to Factor analysis, Chi-squared test and Customer satisfaction index, it was found that CPs' responses remained as one of the most important characteristics in the paint industry. In this research, we identified eight independent factors: Customer Contact Center, Complaint Management, Order Placement Process, Delivery Process, Stock Return, Product Availability, Safety and other concerns. Results reveal that current channel partners' satisfaction level is about 75.67%. However there are two factors: Delivery Process and Stock Return Process, which are below the overall Customer Satisfaction Index (CSI). Therefore necessary actions need to be taken to improve those in order to enhance their market share.

KEYWORDS: Complaint management, Customer satisfaction index, Order placement process, Product availability, Stocks return process.

INTRODUCTION

ABC Paints Lanka (Pvt) Limited holds the leading position in decorative paint industry in Sri Lanka. The total paint market in Sri Lanka is around 15 billion Rupees in value and 35 million in liters. Out of which ABC enjoys considerable percentage of this market. ABC Paints Lanka (Pvt) Limited is a joint venture of world largest coating company of ABCs' parent company. The parent company exists more than 300 years of expertise, with very healthy network in more than 80 countries and supply industries and consumers worldwide with innovative, exciting products and services. ABC employs more than 60,000 people worldwide

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*This is not the actual name of the company

including different nations, languages, cultures, and behaviors, which focus one belief together to commit in excellence.

LITERATURE REVIEW

In a competitive marketplace where businesses compete for customers, customer satisfaction is seen, as a key differentiator and increasingly has become a key element of business strategy. There is a substantial body of empirical literature that establishes the benefits of customer satisfaction for firms. In today's competitive world, any organization needs to have a greater focus on a major aspect called "Customer Satisfaction" which decides the future of the business as well as the organization. The customers prefer quality as the most important satisfaction element, which affects on the overall customer satisfaction. Next comes the Value of the Money, Delivery Performance, After Sales Support and Complaints Handling, respectively (Feinberg, Kim, Hokama, Ruyter & Keen,

2000); The companies have to identify their customer satisfaction level to get a higher market share, because it is changing from time to time (Shin, Collier & Wilson, 2000).

According to the research (Swaid & Wigand, 2007) delivery performance has been positively linked to distributing firm performance. Also delivery performance encompasses suppliers' ability to "meet delivery schedules (on-time delivery), adjust to changes in delivery schedules (flexibility) and consistently deliver the right parts (accuracy)". According to Kotler (1997), four basic elements affect customer satisfaction. They are: the basic elements of the product or service, basic support services, a recovery process for counteracting bad experiences, and extraordinary service. There are many definitions of the key elements of the services, but this one is considered appropriate in the context of care or after sales services. Complaints are a normal part of every business. Business leaders are continually attempting to reduce the amount of complaints (Smith, 2006).

According to the study (Alam & Mohammad, 2014) customer satisfaction is captured as positive feeling (satisfaction), indifference (neutral), or negative feelings (dissatisfaction). By referring Hossain (2013) questionnaire survey is the most successful method to collect data. (Five-point of likert type scales were used in all measures). Also Reilly, Andrie, Chisholm, Delaney & Fear (1999) pointed out that the customer satisfaction measures can be generally described using;

- *Bivariate (Pearson) Correlation*
- *Multinomial Logistic Regression Analysis*
- *Factor Analysis*
- *Combining Factor Analysis and Regression Analysis*
- *Customer Satisfaction Index*

Anton & Natalie (2003) pointed out that the scores that are achieved in customer satisfaction surveys are used to create a CSI. There is no single definition of what comprises a CSI. Some use only the rating given to overall performance. Some use an average of the two key measurements - overall performance and the intention to re-buy (an indication of loyalty). Yet others may bring together a wider basket of issues to form a CSI. The average or mean score of satisfaction given to each attribute provides a league table of strengths and weaknesses. As a guide, the following interpretation can be made of scores from many different customer satisfaction surveys:

Table 1: Customer Satisfaction index (CSI) Table

Scores	What This Means
Mean scores of over 8 out of 10	Market leader, excellent supplier
Mean scores of 7 to 8 out of 10	Adequate but needs attention
Mean scores of below 7 out of 10	Serious cause for concern. Company will almost certainly be losing market share (except for the score given to price – here a high satisfaction score may mean that the company is selling the product too cheap)

RESEARCH PROBLEM

As a leading company, in the paint trading industry in Sri Lanka it needs to implement strategies to maintain their competitive position. For that purpose, it has to attract and at the same time retain its customers. So having an understanding on customers' satisfaction level will be a benefit for it when implementing the strategies.

Accordingly, this research is mainly focused on identifying the factors, which affect on the CPs satisfaction level on the service given by the ABC Paint Lanka (Pvt) Ltd. In other words it is to identify the factors, which help to increase the market share of the company. Finally, the

suggestions should be made to minimize the issues of the company and increase the CP's satisfaction on the company. This study evaluate the levels of satisfaction on services offered by ABC company in absolute and relative terms, amongst a cross section of dealer and retailer population with a view to identify possible areas of service that require either to maintain and/or to improve.

METHODOLOGY

First Channel Partners were given questionnaires to fill up about their satisfaction level. This questionnaire was designed to get an idea about the view of the CPs regarding the services given by the ABC Company. Next, the sample size was determined and then the stratified. Simple random sampling methods were used to select sample of CPs' distribute island wide. Moreover, provinces were taken as strata to select a representative sample. Several data analysis strategies such as Descriptive Analysis, Chi-squared analysis, Factor Analysis and CSI were used to reach the objectives of the study.

CSI method is used to measure customer satisfaction through a certain attribute. There are four steps to calculate CSI. First, we decide Mean Importance Score (MIS) and Mean Satisfaction Score (MSS). The score is based on the CPs' interests and their performances:

$$MIS = \frac{\sum_{i=1}^n y_i}{n}, \quad MSS = \frac{\sum_{i=1}^n x_i}{n}$$

Equation 1:-Mean Importance Score (MIS)

Equation 2:-Mean Satisfaction Score (MSS)

Where *n* is the total number of channel partners, *y_i* is the interest attribute score and *x_i* is the performance attributes score. Next, Weight Factor (*WF_i*) and Weight Score (*WS_i*) were decided.

$$WF_i = \frac{MIS_i}{\sum_{i=1}^p MIS_i}, \quad WS_i = WF_i * MSS_i$$

Equation 3:-Weight Factor (WF_i)

Equation 4:-Weight Score (WS_i)

Here *p* is the number of factors and *i* is the factor number.

Finally, the CSI was found from the equation:

$$CSI = \frac{\sum_{i=1}^p WS_i}{5} * 100$$

Equation 5:- Customer Satisfaction Index (CSI)

DATA COLLECTION AND ANALYSIS

To fulfill the objectives the data analysis was carried out step by step. Therefore the data analysis of this study consists of four major criteria:

Descriptive Analysis

The following bar charts illustrate overall satisfaction percentages of CPs' on order placement process, product availability, process of ordering products, delivery process, stock retain process, complain management process, customer contact center, respectively.

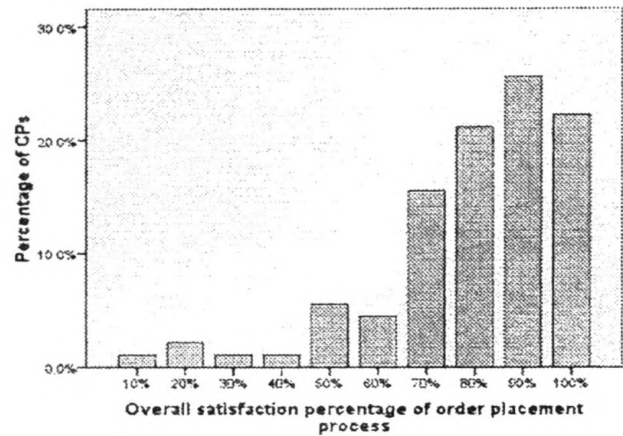


Figure 1

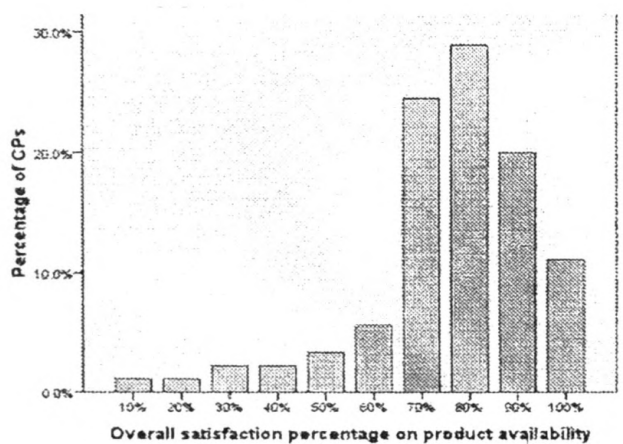


Figure 2



Figure 3

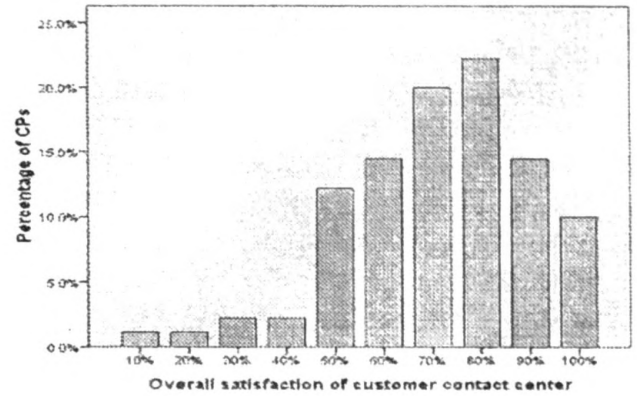


Figure 7

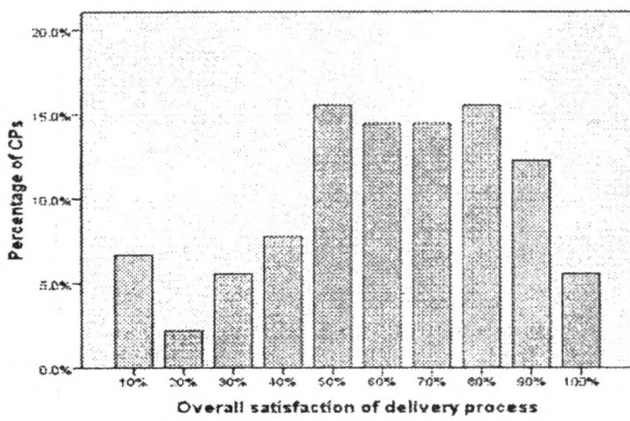


Figure 4

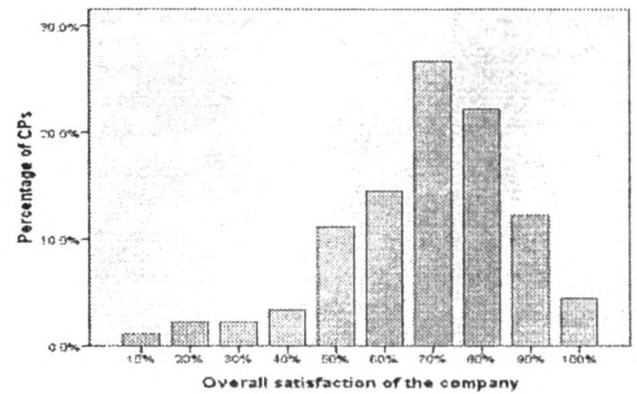


Figure 8

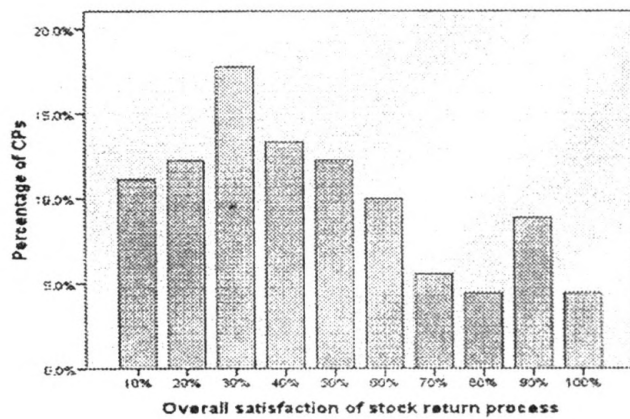


Figure 5

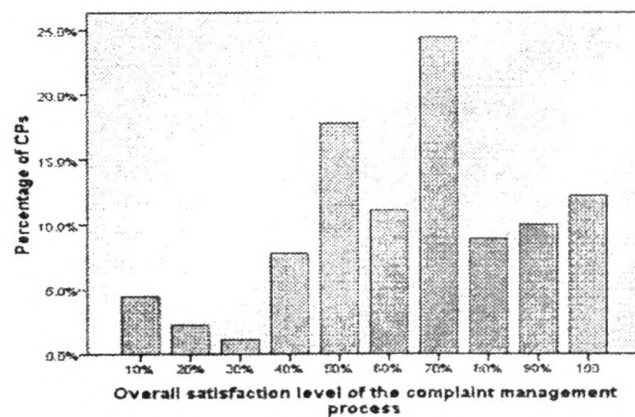


Figure 6

Figure 5 indicates that the majority of CPs' satisfaction on stock return process was below 60%. On the other hand customer satisfaction on order placement process given in Figure 1 was comparatively high.

Figure 8 exemplified the satisfaction level about overall services given by the ABC Company and the majority has 70% of satisfaction level. Also by looking at Figure 8 approximately 85 % of CPs is in between 50% and 90% satisfaction range and 5% of CPs is fully satisfied with the services provided by the ABC Company.

The Chi-squared Test

Chi-squared test was conducted to explore the relationship between customer satisfaction on each of the above category and CPs' performance (category) and provinces they belong to. The hypotheses can be listed as follows:

Hypothesis 1

H₀: Customer Satisfaction on each category is independent from the Customer Category of the CPs

H₁: Customer Satisfaction on each category depends on the Customer Category of the CPs

Hypothesis 2

H₀: Customer Satisfaction on each category is independent from the Geographical location of the CPs

H₁: Customer Satisfaction on each category depends on the geographical location of the CPs.

Table 2 summarizes the results obtained from the Chi-squared test.

Table 2: Chi-Square Tests Table

	Category	Province
Satisfaction on order placement process	.155	0.956
Satisfaction of product availability	.139	0.046
Overall satisfaction of the process of the special order	.635	0.756
Overall satisfaction level of the delivery process	.889	0.51
Overall satisfaction of the stock returns	.007	0.419
Overall satisfaction level of the complaint management process	.114	0.306
Overall satisfaction level of the customer Contac Center process	.928	0.627

According to Table 2, customer satisfaction on stock return process depends on the customer category of the CP's while the customer satisfaction of product availability depends on the geographical location of the CP's.

Factor Analysis

Eight factors on customer satisfaction were extracted from 37 variables questionnaire and details are summarized in Table 3.

Table 3 summarized that 72% of total variation can be explained by these

eight factors. The factors identified here were used to calculate CSI.

Table 3: Main result about factor analysis

Factor	Reliability Statistics	Eigen values	% of Variance
Factor 1: Customer Contact Center	0.912	4.907	13.263
Factor 2: Complain Management	0.926	4.422	11.952
Factor 3: Order Placement Process	0.88	4.226	11.421
Factor 4: Delivery Process	0.797	3.286	8.882
Factor 5: Stock Return Process	0.812	3.166	8.556
Factor 6: Other	0.667	2.763	7.468
Factor 7: Product Availability	0.804	2.752	7.439
Factor 8: Safety	0.814	1.74	4.702

Customer Satisfaction Index

Table 4 depicts, Channel Partners' actual satisfaction has been obtained by the CSI with use of 8 factors.

Table 4: Overall Customer Satisfaction Index

Factor	MSS	MIS	WF	WS
Factor 1	3.82	1.026	0.127	0.487
Factor 2	3.79	1.008	0.125	0.474
Factor 3	4.1	1.101	0.137	0.560
Factor 4	2.94	0.782	0.097	0.285
Factor 5	3.63	0.974	0.121	0.439
Factor 6	4	1.079	0.134	0.536
Factor 7	3.83	1.031	0.128	0.490
Factor 8	3.91	1.056	0.131	0.512
	Average =3.753	ΣMIS= 8.055		ΣWS= 3.783

CSI was obtained using Equation 5 as 75.67% (3.78*100/5).

RESULTS AND DISCUSSION

CSI for each factor was calculated to identify the areas that need to be improved to enhance market share of the company and the results are given in the following Table 5.

Table 5: Satisfaction Index for each Factor

Factor	Sum of WS	CSI
Customer Contact Center	3.819063	76.381
Complain Management	3.79258	75.852
Order Placement Process	4.112417	82.248
Delivery Process	3.064498	61.290
Stock Return Process	3.651245	73.025
Other	4.033162	80.663
Product Availability	3.835407	76.708
Safety	3.911111	78.222

The following steps can be taken for the betterment of the company: The Company may

- intensify its quality of CPs' services,
- expand its CPs services to become more dynamic & prompt,
- be more innovative and diversified in its services,
- put more emphasis on the product services and create more quality product,
- develop interactive information system,
- introduce modern technology,
- develop their E-commerce system,
- always monitor the performance of its competitors in the field of foreign trade and national trade.

CONCLUSION

According to the overall analysis it is seen that identification of problems related to delivery and stock return processes are important to improve the CPs satisfaction. Solutions to the identified problems affect directly on the market share of the paint industry. By discussing with the top management a suitable plan should be introduced to overcome the prevailing problems.

- CSI of overall services given by the ABC Company is about 75.67%. According to the results, there are two factors: Delivery Process and Stock Return Process, which are below the overall CSI. Therefore, to achieve the objectives of the research, ABC

Company may take necessary action to improve the customer satisfaction level of CPs.

- In ABC Company, delivering wrong product is the main reasons for returning product. CPs experienced damage stocks and expired stocks for return as well.
- Customer satisfaction on stock return process depends on the customer category of the Channel Partners.
- Customer satisfaction of product availability depends on the geographical location of the Channel Partners.

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