

## CHAPTER 6

### **AN INTEGRATED FRAMEWORK TO CREATE, MANAGE AND EVALUATE THE POSITIONING STRATEGIES**

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Customer requirement is not accurate for retailing scenario due to diversity in demand. Therefore, customer value perception is used at customer requirements (Trappey et al., 1995). Customer value perception for the competitive positioning strategies is the central concern (Stanford et al., 2012) for the retailers, decision-makers, and researchers. Retailers want to position their stores in customers' minds over their competitors (Reis and Trout, 1986) by bridging the gap between the demand of customers and the retailer's capability to fulfill these demands. Due to increased customer awareness and increment in disposable income and credit availability, impulse buying behavior is in trend, especially in the apparel retailing sector (Dittmar and Drury, 2000). An extensive literature review on customer value perception is discussed in chapter 2 and finalizes SEM factors in chapter 4. Based on these value perceptions, retailers and decision-makers need to identify the factors that strengthen them. In chapter 5, the strengthening factors were identified. This chapter aims to develop a balanced approach between customers' value perceptions and retailers' design requirements.

#### **6.1 Introduction**

Customer satisfaction in apparel retailing is different from other retailing (Prasad, 2014). There are many retailers' offerings, but the customers remember a few of them due to limit of mind (Trout and Rivkin, 1996). It is essential to use customers' perspectives to know the most attractive offerings or factors to satisfy them. To overcome these issues, retailers and decision-makers need to identify the functional requirements that are valuable for customers to position their store in customers' minds.

Further, the weight of design requirements is calculated to prioritize them to implement the positioning strategy in a structured way.

Therefore, this study used the ISM and QFD frameworks to translate customer requirements into specific functional design requirements (Debata et al., 2012). ISM can enable a firm to identify the design requirements and establish a relationship among those factors (Thakkar et al., 2011). QFD can enable a firm to understand the planning needs clearly (Thakkar et al., 2011). QFD also helps increase market share, customer satisfaction, and quality of product and service whereas reducing cost and cycle time for the product and service design and improvement (Chen and Ko 2011; Jin et al. 2016; Li et al., 2018). Therefore, some research questions arise those are as follows:

- RQ1.*** What are the factors (CRs) that affect customer satisfaction?
- RQ2.*** What are the factors (FDRs) that help to achieve the customer requirements?
- RQ3.*** How can link the customer requirements to the design requirements in a structured way?

This chapter helps the retailers, decision-makers, and researchers understand the customers' needs and implement competitive positioning strategies.

## **6.2 An integrated framework**

Factors of customer requirements are taken from chapter 4 through SEM, factors of design requirements are taken from chapter 5 through the ISM. In this chapter, QFD and ISM have been employed for developing an integrated framework to assist the implementation of the competitive positioning strategy in a prioritized way. There are ten customer requirements, finalized from literature review (chapter 2) and SEM (chapter 4), like the ease of return, on-shelf availability, product accessibility, shopping

convenience, product information, store environment, store communication, merchandise assortment, perceived price, and employee. Further, nine design requirements finalized from literature review (chapter 2) and established the contextual relationship through ISM (chapter 5) are as follows: demand chain management, In-store logistics performance, information and communication technology, collaboration among supply chain partners, technology adoption, retail environment, human resource management, merchandise management, and customer value proposition.

### **6.2.1 Prioritization of design requirements**

Retailers try to develop their services as per market-based, customer-driven, and value-desired characteristics (Hsu and Lin, 2006). All industries also indulge in searching the superior values for customers, and retailing is not an exception. Therefore, customers' value perception and design requirements are needed. Customers' value perception formed in chapter 4 and retailers' design requirements formed in chapter 5. Further, the purpose of this chapter is to prioritize the design requirements based on customers' value perception. For this purpose, quality function deployment is used as a method. The house of quality (HOQ) framework is used here as the most recognized form of QFD. The framework of the house of quality and associated six elements are discussed in section 3.3.

The ten customers' perceived values viz. Product availability, ease of return, shopping aids and convenience, product accessibility, product information, assortment, communication, store environment, Personnel, Perceived Price are taken as customer perceived values. Keeping in view of these stated demands, the nine design requirements as Customer value perception, demand chain management, collaboration among supply chain partners, in-store logistics performance, merchandise management, technology adoption, information, and communication are technology; human resource

management and retail management are considered. Based on these customer requirements and design requirements, the development of QFD follows the various steps as:

**Step 1** In this step, customer requirements are identified from the results of exploratory factor analysis. This is also known as Voice of Customer (VOC).

**Step 2** Priorities set to the customer requirements (Customer perceived services items) using a number that reflects the importance of customer requirements.

**Step 3** In this step, the relationship among CRs assessed through a symbolic scale as strong ( $\bullet = 0.8$ ), moderate ( $\Theta = 0.6$ ), weak ( $\circ = 0.4$ ) and very weak ( $\Delta = 0.2$ ). This matrix is developed with customer/expert help and placed at the left-most side of HOQ.

**Step 4** This step contains the list of DRs identified from the results of the ISM methodology.

**Step 5** In this step, the relationship among DRs assessed through symbolic scales as the scale used in step 3. This matrix is developed with the help of expert discussion and placed at the roof of HOQ.

**Step 6** This step shows the relationships between CRs and DRs that follow the construct using each row's interaction with each column. It shows the strength of the relationship between each CR with each DR. This portion is filled by experts' discussion.

**Step 7** A revised rating is calculated from the left matrix using equation 6.1, previously assessed by Debata et al. (2012), and placed at the right side of HOQ.

$$Y_i = X_i + \frac{1}{n-1} \sum_{j \neq i}^n A_{ij} X_j \quad \dots 6.1$$

$Y_i$  is the revised customer rating.  $X_i$  is the initial customer rating for customer requirements  $i$ , and  $A_{ij}$  shows the interrelationship between customer requirement  $i$  with customer requirement  $j$ .  $X_j$  is the initial customer rating for customer requirements  $j$ , and  $n$  is the number of customer requirements.

**Step 8** The initial rating for each design requirement is calculated using equation 6.2 and placed at the first row of the design matrix (bottom of HOQ in figure 2).

$$Z_k = \frac{1}{n} \sum_i^n B_{ki} Y_i \quad \dots 6.2$$

$Z_k$  is the initial design requirement rating for design requirement  $k$ ,  $n$  is the number of customer requirements.  $B_{ki}$  shows the relationship between design requirement  $k$  with customer requirement  $i$ , and  $Y_i$  is the revised customer requirement rating.

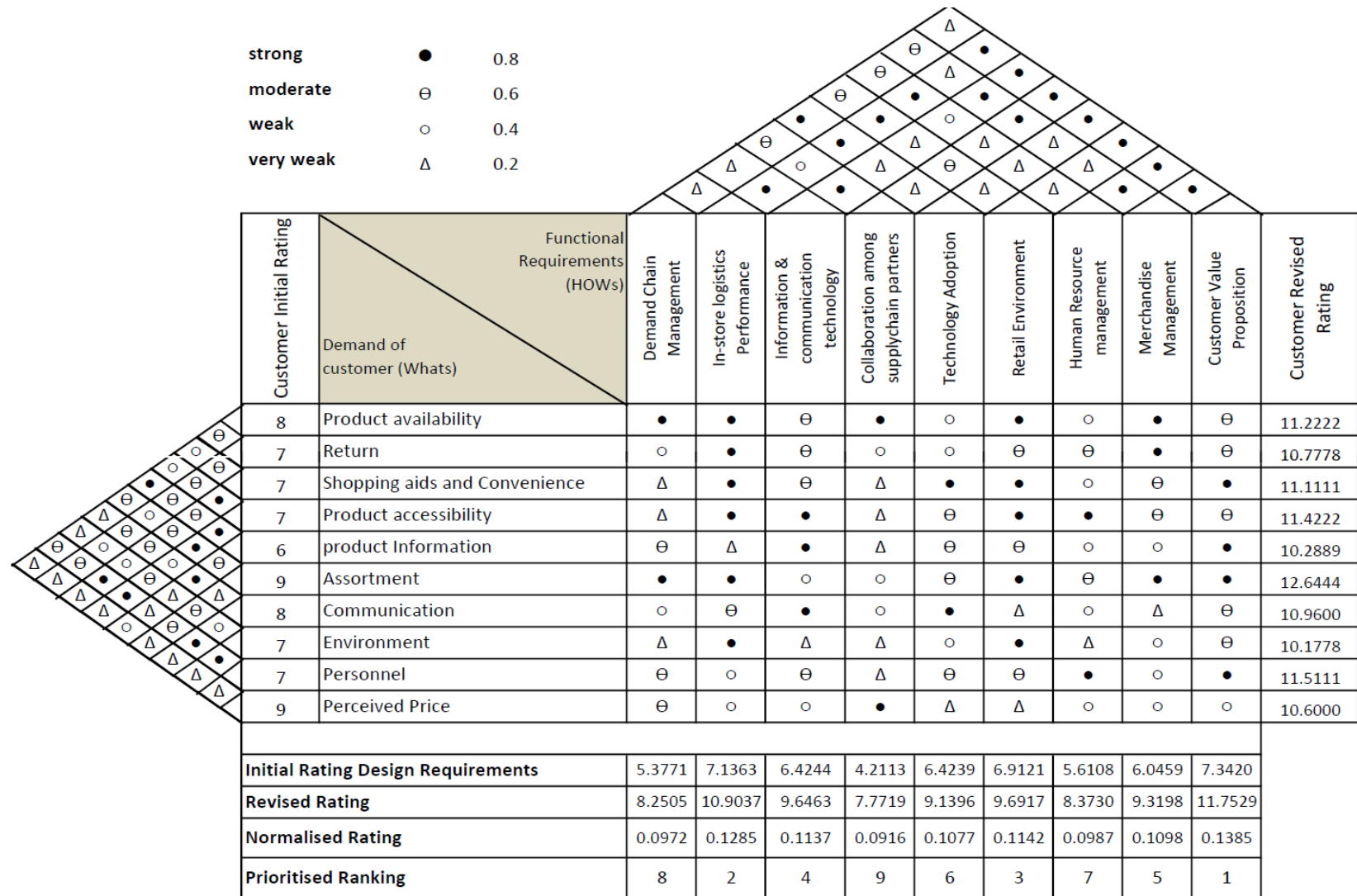
**Step 9** A revised rating is calculated using equation 6.3 and placed in the second row of the design matrix.

$$R_k = Z_k + \frac{1}{m-1} \sum_{l \neq k}^m C_{kl} Z_l \quad \dots 6.3$$

$R_k$  is the revised design requirement rating.  $Z_k$  is the initial customer rating for design requirement  $k$ , and  $C_{kl}$  shows the interrelationship between design requirement  $k$  with design requirement  $l$ . Here,  $l$  is ranging from  $1$  to  $m$  except  $k$  value.  $Z_l$  is the initial design rating for design requirements  $l$ , and  $m$  is the number of design requirements.

**Step 10** The final ratings have been found after the normalization of revised design requirements. The final DRs rating is tabulated in the third row at the bottom of HOQ. DRs can be prioritized based on final ratings.

Based on these steps as mentioned earlier and experts'/customers' suggestions, HOQ is developed, shown in figure 6.1.



**Figure 6.1:** Customer value perception: House of Quality

The result showed that the *customer value proposition* is the most important factor in the prioritized design requirement. In contrast, the *collaboration among supply chain partners* is the least important factor in the prioritized design requirement concerning customer value perceptions.

### **6.3 Theoretical implications**

The theoretical implications of this study lie in three aspects: (i) In the context of apparel retail setting to strengthen the factors to formulate the strategy and to achieve the customer satisfaction, (ii) through this approach; it is possible to find the potential factors for positioning strategy of retail store thus it helps management in terms of feasible implementation of strategy, (iii) it is also possible to illustrate the complementarily in strategies to enable the management to leverage them and implement a different kind of strategies simultaneously.

### **6.4 Managerial implications**

Regarding the managerial implications, the integrated model shows the important customer perceived values and corresponding design requirements to implement the positioning strategies in Indian retail firms. It will help the managers, decision-makers, and researchers understand customer-perceived values and the relevant design requirements for implementing positioning strategies. This model helps them to implement their positioning strategies effectively and efficiently in economically feasible conditions.

### **6.5 Conclusion**

Customers, nowadays, are more aware of products and services offered by retailers and need more value for their money. They also want to save their shopping time, i.e., product searching time and transaction time. It is not possible to limit the customer requirements in the case of the retail sector. Trappey et al. (1995) stated that the

customer value perception could be used at the place of customer requirements. It is tough to find the accurate requirement of customers. Therefore, the identification of customer requirements is the central concern for apparel retailers. In this chapter, a total of 39 items of customer requirements are identified, and 38 items are finalized based on factor analysis. Further, these 38 items are grouped into the ten most important factors.

Further, the design requirements are identified by keeping these customer requirements. These design requirements are identified from the literature review and experts' suggestions. These design requirements are prioritized through QFD. These priorities help the retailers find the most urgent improvement in design requirements to satisfy a high level of customers and achieve a competitive position in their minds. The sequence of priority is as follows: customer value proposition, in-store logistics performance, retail environment, information and communication technology, merchandise management, technology adoption, human resource management, demand chain management, and collaboration among supply chain partners.

The result supports Kambil et al. (1996), who argued that value proposition is the first step in innovation. What does the innovation do for the customers? Value proposition helps the retailer innovate and develop the values that truly satisfy the customers (Lindic<sup>˘</sup> and da Silva, 2011; Payne and Frow, 2005). Firms that spend on customer value proposition can invest less in promotional activities like advertisements (Mishra et al., 2020). The research suggests that retailers should focus on the customer value proposition. This research suggests the priority of design requirements based on customer perceived value. Therefore, DCM and collaboration among supply chain partners are at last on the priority list but not the least. These have the importance of running any retail business, but the customer can not perceive these services directly as

the priority list was based on customer requirements. Therefore, the validity and reliability of design requirements related to customer value perception are not obtained.