

# **Business Customers' Satisfaction: The Case of Ethiopian Fruit and Vegetable Marketing Sh. Co. (Etfruit)**

By

Sisay Habte

Faculty of Business, Department of Marketing Management

## **1. Rationale and the problem**

For profitability and long-term relationship, customers have to be satisfied & be happy with the use of goods and services they paid for. Knowledge & understanding of customers is a necessary activity. To this end, regular and continuous assessment of customers' satisfaction should be undertaken by the firm. Any product and service improvement strategy can be designed & implemented based on the outcomes of survey on customers' satisfaction.

Earlier researches on satisfaction focused on consumers. Primary customers to be satisfied are business customers (BCs), it is generally agreed that if business customers are satisfied, they would make effort to satisfy end users and most likely remain to be loyal. Moreover, Etfruit's major operation is wholesaling, one of the distribution activities are performed by business customers.

## **2. Objectives of the study**

The general objective of the study is to assess business customers' satisfaction at Ethiopian Fruit and Vegetable Marketing Sh. Co. (Etfruit). The study will also try to address the following four specific objectives.

- To determine their value priority and/or importance;
- To identify major attributes satisfying or dissatisfying BCs;
- To investigate the overall level of satisfaction & gaps (if there are); and
- To suggest some recommendations.

### **3. Research Methodology**

The research design employed in this study was descriptive and population was composed of business customers, front-line employees and management. Also, effort has been made to triangulate the data collected from the three major stakeholders pertinent to the subject, at hand that would help to obtain balanced views of the different respondent groups. As the number of business customers buying produces directly from Etfruit in Addis Ababa was limited to 40, census was employed and the same was done for 9 front-line employees. But in the case of management members, 7 out of 10 were selected using purposive sampling based on relevance of each department to the issues to be dealt in the study including quality, customer contact, employees handling and overall decision purchasing and selling.

In collecting the data from business customers, a questionnaire was used. A ten point scale was also used for importance and satisfaction scores. Besides, semi-structured face-to-face interviews were made with front-line employees and management. Simple statistical tools like averages, weighted averages, standard deviations, coefficient of variations and tabulation, percentages and bar charts used in the study. In addition to these, Customers Satisfaction Index (CSI) & Gap Analysis was also employed.

### **4. Analysis & Interpretation of Findings**

#### **4.1 Etfruit's relationship with business customers.**

The majority of business customers had long relationship with the firm ranging from 3 to more than 20 years. But recently, 40% were switched to private suppliers for the main reason of shift in supply of orange & mandarin produced by UAAIE from Etfruit to private competitor. About 60% of business customers do still have some relationship with Etfruit in buying orange and mandarin from other producers and other fruits as well as vegetables while buying orange and mandarin of UAAIE from private supplier.

## **4.2 Exposure to Etfruit's Advertisements**

All business customers replied that they were exposed to the company's advertisements. But 80 % of them do agree somehow on its fulfillment of promises.

## **4.3 Complaints handling and Presentation**

**Complaints handling:** According to the response from 44% business customers, the company didn't have systematic mechanism for handling customer complaints while 31% replied in support of existence of such mechanism and 25% don't know whether that mechanism existed or not.

**Complaint presentation:** Half (50%) of business customers didn't present complaints and 60% them gave the reason that Etfruit didn't have such mechanism while 20% assuming they wouldn't get response. From those 50% who presented their complaints were asked about speed and adequacy of Etfruit's response. Accordingly, 60% replied inadequacy & slowness and 20% didn't get any response for their complaints.

## **4.4 Importance or unimportance of attributes/dimensions/**

In this section business customers were asked to prioritize their value considerations by assigning importance scores out of 10 to identify the most key attributes (dimensions) in making decision to buy fruit and vegetables. The average figure was derived from original data for each attribute based on scores given by all business customer respondents' ratings. The most important requirements (attributes) influence customers' satisfaction or dissatisfaction judgments more than those that are less important to them. Generally, 17 identified attributes were presented to the respondents allowing them to add more if they had any. The result for top most important attributes is shown in table 1 as follows.

**Table 1: Importance ratings**

Sr.No.	Attributes/ dimensions	Average score	Ran k
1.	Technical performance of product	9.6	1 <sup>st</sup>
2.	Competitiveness of supplier's price	9.5	2 <sup>nd</sup>
3.	Consistency & continuity of quality	9.3	3 <sup>rd</sup>
4.	Continuity of supply	8.8	4 <sup>th</sup>
<b>Average (for 17 attributes)</b>		7.9	-
<b>Standard deviation</b>		0.96	-
<b>Covariance</b>		12.06%	-

As depicted in the above table, the four top most important attributes were technical performance of product, competitiveness of supplier's price, consistency & continuity of quality, and continuity of supply ranking from 1<sup>st</sup> to 4<sup>th</sup> positions respectively. The average of the average importance scores and the respective standard deviation for all 17 attributes are found to be 7.9 and 0.96. The standard deviation showed that business customers were in agreement in attaching priority to various attributes.

#### 4.5 Satisfaction or Dissatisfaction of Business Customers

Similar to importance, 17 attributes were presented to business customers to evaluate Etfruit's performance. The performance for four top high scoring attributes is displayed in the following table.

**Table 2: Average satisfaction scores on Etfruit's performance**

Sr. No	Attributes/Dimensions	Average scores	Rank
1	Location of Etfruit's warehouses	9.5	1 <sup>st</sup>
2	Competitiveness of Etfruit's price	8.6	2 <sup>nd</sup>
3	Convenience of parking & security	8.4	3 <sup>rd</sup>
4	Technical performance of product (quality)	7.8	4 <sup>th</sup>
<b>Average</b> (for 17 attributes)	-	<b>6.5</b>	-
<b>Standard Deviation</b> (for 17 attributes)	-	<b>1.6</b>	-
<b>Covariance</b>	-	<b>24.6%</b>	-

One can infer from the above table that Etfruit scored high in location of its warehouses, competitiveness of its price, convenience of parking & security ranking from 1<sup>st</sup> to 3<sup>rd</sup> positions respectively. Contrary to results obtained in importance score in table 1, technical performance of product (quality) was displaced by location of warehouses from its 1<sup>st</sup> position and pushed down to 4<sup>th</sup> rank. Both in importance and satisfaction scores

competitiveness of price maintained its 2<sup>nd</sup> position whereas the 3<sup>rd</sup> place was overtaken by convenience of parking & security.

As indicated in the above table, the average of average performance score for all 17 attributes was 6.5 with respective standard deviation of 1.6. The standard deviation of 1.6 depicts that the values were more dispersed around their mean and this implies that customers were in less agreement in evaluating Etfruit's performance as compared to importance (table 1) with respective covariance of 24.6% and 12.06 %.

#### **4.6 Customer Satisfaction Index (CSI)**

It is possible to calculate Customer Satisfaction Index (CSI) by averaging all company's average satisfaction scores. But that would not be ideal because some things are more important to customers than others, and their most important requirements (attributes) influence their satisfaction judgment more than those that are less important to them. Hence, let us see the situation by introducing weighing factors derived from importance scores & calculate Customer Satisfaction Index (CSI) that best reflect and measure the overall satisfaction level. In arriving at a well & more real measure of satisfaction using Customer Satisfaction Index (CSI), determination of weighing factor for each attribute is critical step. This weighing factor can be derived by summing up average importance scores of all attributes and then calculating the percentage share of each attribute taking the sum as 100. The end result showed that the overall customer satisfaction represented by CSI found to be **64.8%**. This can be interpreted as business customers were satisfied only 64.8% of their expectation that assumed to be 100. In other words, they were highly dissatisfied as their judgment based perceived performance of Etfruit was much lower than their expectations.

#### **4.7 Gap Analysis and Priorities for Improvement**

By putting the importance and satisfaction scores together, the gap between the two can easily be identified. Gap analysis is also a useful tool to identify priorities for improvement. Accordingly, the gaps for most important four attributes are analyzed in

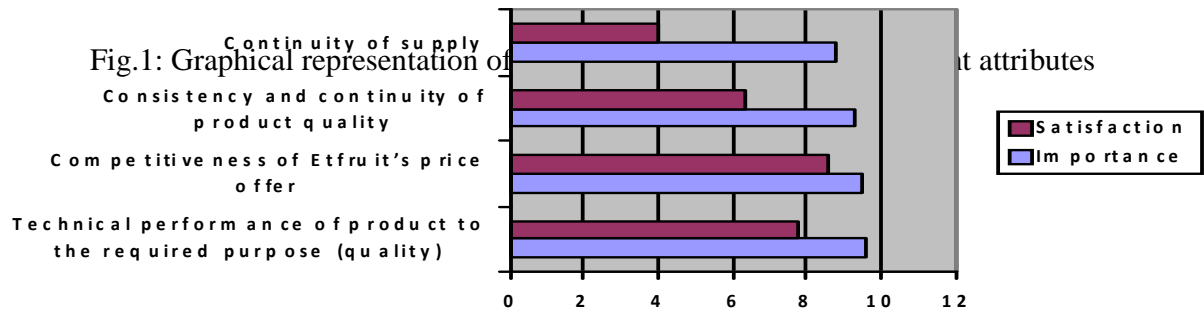
table 3 and graphically in fig 1below. Numbers in parentheses showed that satisfaction scores are less than importance scores.

**Table 3: Gaps between satisfaction & importance scores**

Sr. No	Attribute	Average Importance and Satisfaction Scores		
		Importance	Satisfaction	Gap
1	Technical performance (quality)	9.6	7.8	(1.8)
2	Competitiveness of Etfuit's price offer	9.5	8.6	(0.9)
3	Consistency and continuity of product quality	9.3	6.3	(3)
4	Continuity of supply	8.8	4.0	(4.8)

Studies show that on a ten point scale any gap above 1 is significant and gaps in excess of 2 are serious. As clearly shown both in table 3 above and fig.1below, Gap Analysis for top most important attributes identified by customers indicated that 'continuity of supply' exhibited large gap (4.8) between its importance and satisfaction scores depicting Etfuit's performance was in serious problem in maintaining supply continuity. Its performances in terms of quality related issues were also problematic exhibiting the next

larger gaps. But looking at price, the company's performance was relatively better showing only small gap (0.9) between importance and satisfaction scores.



#### 4.7. Front-Line employees' satisfaction & handling

In general, front-line employees were not satisfied in terms of employees' development issues including training, compensations, participation in decision making and management and in sum this was admitted by management. Employees rated overall performance of Etfruit in satisfying business customers at **71.25%**.

#### 4.8. Management's views

Management gave average score of **62.0%** for overall performance of Etfruit. Concerning the weaknesses compared to competitors', management identified the followings: Slow decision making, low level of employees' development, non-delivery of sales in full weight, lack of control over production, lack of organizational readiness and lower sense of ownership, etc. These weaknesses were also mentioned by customers and employees.

### 5. Conclusions & Recommendations

#### 5.1 Conclusions

Top most valued attributes like continuity of supply, consistency and continuity of product quality and technical performance (quality) exhibited large gaps and imply the problem is so serious that calls for urgent measures. But as a gap in price offers of Etfruit was so small, improvement can be postponed and no urgency is required currently.



Orange & mandarin produced by UAAIE played major driving role in determining business relationship between the company and its customers. Lack of control over production, inelastic nature of fruits supply in short-run & absence of alternative producer created complicated situation for Etfruit.

Relatively high standard deviation and covariance in satisfaction scores might be resulted from the influence of subjective nature of perception in evaluating and assigning performance scores and partly it would be an implication of existence of discrimination in serving business customers in Etfruit as it was also mentioned by some customers. Both employees and management lacked adequate understandings of expectations & value priority of business customers. Systematic & continuous approach for handling complaints & measuring satisfaction was absent. Non-expression of complaints might not imply absence of complaints. Etfruit performed high in less important attributes and didn't live up to its promises. Both employees and management admitted dissatisfaction of business customers. Lack of employees' satisfaction could lead to dissatisfaction of business customers. Some of the government rules and directives in purchasing and selling contributed for procrastination of decision making and thereby affect customer satisfaction For instance, lack of flexibility in fixing prices of products that would take into account the perishable nature of fresh fruits and vegetables as compared to private competitors.

## **5.2 Recommendations**

Give priorities for improvement to those top most valued attributes with large gaps (Supply & Quality related issues). This is only to give priority for most important attributes and it is also important to consider improvement of other attributes over time based on their impact on the business and budget availability.

To save existing and win-back switched business customers, recommendations forwarded based on three time frames: In the short-run, regaining distribution of UAAIE's orange & mandarin by offering competitive prices is critical measure and also enhance the current supply of products other than orange & mandarin and add other complementary products. In the medium-term period, the company can consider backward integration with UAAIE

and finally in the long-term, involving in production of fruits would be lasting solution. Current initiatives like suppliers development activities in terms of advance payment, seed supply, and technical advice should be strengthen and widen breadth of product supplier.

Incorporate the concept of ‘customers’ in its strategic plan and carry out regular & formal survey of business customers on their expectation, value priority & satisfaction. In addition to theses, set a system that could handle complaints of business customers by strengthening the newly established service reform office & communicate the effort to them.

Advertisements should be reoriented in a way what most likely could be fulfilled. Business customers having similar level of value contribution to the company should be served equitably. Develop employees (internal customers) and incorporate the issue of ‘customers’ service & satisfactions’ in job descriptions of all employees and front-line employees in particular.

Improve speed of decision making by making internal commitment through leading role of management and external support from the government (Privatization and Public Enterprises Supervisory Agency) in making rules and directives more flexible and speedy.

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