

Chapter 2

Listening to Customers Through Qualitative Research

ABSTRACT

Despite their importance as the largest contributor to the economic growth of a country, many SMEs fall behind in attaining customer satisfaction. This can be as a result of the gap that exists between expectations of customers and the deliverables by the SME providers. In the previous chapter, the authors explained the role of service quality via SERVQUAL and the GAP model. This chapter will, therefore, extend the argument by providing insights into the importance of qualitative research to enhance the services provided by SMEs in order to minimize this “GAP.” The chapter first illustrates the service blueprint to highlight the importance of service design to carry out the business. Later, various qualitative studies undertaken in service marketing discipline are highlighted. Using a qualitative approach, two separate studies (i.e., focus group studies) were conducted involving 10 SME providers and 10 SME consumers in the automotive industry (i.e., used car sales showroom). The FGDs provided insights into identifying the critical incidents of success (and or failure) of these SMEs.

INTRODUCTION

One of the drivers of economic growth in a country is largely contributed by small and medium enterprises (SMEs) (Mannan, Khurana, & Haleem, 2016; Franco & Haase, 2010). SME's occupy businesses in both developed and developing countries and in manufacturing as well as the services sectors (Savrul, Incekara, & Sener, 2014). Studies indicate 99% of the existing firms in the European Union (EU); i.e. Netherlands (Stoffers, Van der Heijden, & Jacobs, 2018) consists of many SME's with two-thirds of all employment being part of it (Franco & Haase, 2010). While earlier studies have estimated most of the existing 5.7 million businesses in the United States consists of SME's (Chaston, Badger, & Sadler-Smith, 2001). These studies have indicated that countries, where the SME sectors are large, have a greater contribution to GDP (WTO, 2013: 1). As the world continues to head towards post-industrial economy, the role of the service sector plays a vital role in its contribution towards the gross domestic product (GDP) (Verma, 2000) both in developed and developing countries. From the perspective of developing economies, SME's also play a vital role in contributing to the national GDP as well as its labor force. For example, it was reported that 70 percent of the national GDP of China (in 2005) was related to the service sector (Chuang, 2007). While WTO (2013) reported that more than 50 percent of manufacturing industry's workforce is employed by SME's in developing countries such as Ghana, Turkey, and Ecuador (Savrul, Incekara, & Sener, 2014).

SME's are focused on niche markets; therefore their services are customized for specific requirements of customers. The success of SME's resides in their ability to offer consumers with flexibility, innovation, and problem-solving orientation (Lin, 1998), therefore the quality of customer service, production efficiencies and lower costs (overhead) serve as sources for SME's competitiveness (Pratten, 1991).

Despite the importance of this sector, SME's, however, had been largely neglected by both policymakers and academics alike (Franco & Haase, 2010). Although some strategies have been implemented in improving the economic conditions of SME's (Franco & Haase, 2010), greater focus should be initiated to this industry as the failure of SME's remains high. For example, studies have shown 20% of new ventures fail within the first year, while greater than 50% within six years (Timmons, 1994).

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