AN ENTREPRENEURIAL MARKETING DILEMMA: THE CASE OF THE MELTED BUTTONS

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CASE DESCRIPTION

This case involves an unsatisfied customer, a retail store, and the Better Business Bureau. It is important that all parties, whether the consumer or the manufacturer, know their rights and responsibilities. Incidents such as this frequently occur in the retail, as well as the whole sale business sector. This case deals with major issues such as entrepreneurial marketing, customer rights, regulations, public relations, and manufacturing requirements. In any business, achieving well developed entrepreneurial framework requires that all of the aforementioned issues are considered. Business owners need a solid customer service blueprint to increase customer value by reducing the inconsistency in employee-customer interaction. This case helps expose the various flaws that can occur when implementing a new non-standardized policy.

RETAIL SMALL BUSINESS MARKETING AND ETHICS

Linda was a sales associate employed by a smaller, entrepreneurial retail store. She had eight years' sales experience working on commission in the women's career clothing department. She worked an average of thirty-five to forty hours per week, and was considered a permanent employee. Her compensation package was based on the market's base wage, merit, commission, and benefits. She was awarded five percent commission on each sale.

When Linda first started at the store, she attended an orientation session to learn the company's practices and policies. During her orientation, the store's supervisors stressed the company's philosophy, "the customer is always right." At the end of these sessions, the associates were given a human resource policy handbook. Each associate was asked to thoroughly read the handbook and sign a form stating that he/she had read and understood all of the information presented.

When Linda joined the company in 2000, the merchandise return policy was quite rigid. The policy requires that the customer either have the original receipt, and/or leave the merchandise tags intact in order to get credit or cash back for any purchases. The store began to question the flexibility of the return policy when the local competitors relaxed their merchandise return policies. In essence, these policies allowed the customer to return merchandise with no questions asked–with or without a receipt. In 2008, this particular department store strategically implemented a more flexible policy in order to remain competitive and increase customer satisfaction. All associates, including Linda, were verbally informed of this change by their supervisors and department managers.

The department store's new return policy was implemented immediately. Each associate was given a copy of the new revised policy manual and requested to read and sign an acknowledgement form confirming they understood the revisions. Customer return guidelines were established. The associates were told to "trust their own instincts." If there were any questions concerning the trustworthiness of the customer, they were to contact a supervisor and/or the security department. At that point, the supervisor or the security personnel would take over the transaction. In essence, the associate was supposed to adhere to a hassle-free return procedure.

The commission procedures were also revised to comply with the new return policy. If the customer did not have a receipt when returning merchandise, the associate was to return the merchandise on the cash register using the number (9999). This procedure guaranteed that if the customer was returning commission merchandise the associate did not sell, it would not be charged against their personal account. If the sales associate that the item had been purchased from was known, the associate was to credit the return using the sales associate’s personal account number. This would automatically deduct the commission for this particular sale from the proper associate’s paycheck. The idea behind these new procedures was to insure good customer service while conducting returns. Unfortunately, these procedures were not audited on a daily basis. As a result, conflicts due to lack of trust constantly occurred among the commission department’s associates. The commission department began to show a weekly profit loss. Many associates were either taking advantage of the (9999) policy or returning the merchandise on another associate’s personal number.

Linda’s annual performance appraisals, consistently rated her in the average range. Linda had gained a good reputation for her product knowledge, her candidness when giving fashion advice to customers, her suggestive selling skills, and her customer prospecting skills (keeping outside personal contacts with customers, informing them of new merchandise, sales, etc.). Linda had built a loyal following of customers. Her selling skills and techniques proved quite profitable to both the company and herself. Although Linda’s productivity and selling skills were excellent, she tended to be somewhat terse with customers concerning merchandise returns. During the course of a year, five separate customer complaints were filed concerning her interrogating and intimidating conduct when merchandise was returned. With each complaint, Linda’s supervisor, Susan, suggested that she improve her conduct and let a supervisor handle all returns. Two written warnings were signed and dated by both Linda and Susan and added to her file. Linda continued to upset customers despite direct suggestions and warnings.

Mrs. Jones was a mid-career professional. She frequently shopped the urban shopping center in which this particular clothing retail store was located. Mrs. Jones was among Linda’s loyal clientele who frequently purchased career apparel from her department. Mrs. Jones purchased a $248 national brand name two-pieced suit that was made of 50% acetate and 50% rayon. On the suit jacket there were five fashionable star-studded buttons made from plastic and other synthetic materials. The washing instructions inside the suit stated that the garment was to be dry-cleaned only. Unfortunately, when Mrs. Jones picked up her garment, the buttons had melted and the suit jacket was ruined. The damage to the jacket was irreversible because the buttons had melted into the fabric. The dry cleaner would not take responsibility for the incident, claiming that the manufacturer was at fault because the buttons were defective. Mrs. Jones was told that she should take the dress back to the store where it had been purchased and request a full refund.

Mrs. Jones had misplaced the receipt and could not remember when she had purchased the suit. However, she was sure that she had purchased the merchandise from Linda’s department. Mrs. Jones immediately took the merchandise back to Linda demanding a full refund. After Mrs. Jones explained the situation, Linda became quite curt. She suggested that although the store carried various suits with that identical national brand name, her department had not carried that specific suit. Mrs. Jones continued to claim that she had purchased the merchandise from Linda. An argument between Linda and Mrs. Jones ensued, attracting a great deal of attention from shoppers and store personnel. Once again, Linda failed to call one of the five supervisors on duty. Linda briskly told Mrs. Jones that even if her department had carried the suit, she would not reimburse her because the dry cleaner was at fault for not having removed the buttons prior to cleaning. Mrs. Jones became livid, embarrassed, and humiliated. She stormed out of the store with the suit. She decided to immediately contact the Better Business Bureau rather than contacting one of Linda's supervisors.

The Better Business Bureau (BBB) is a business-sponsored, nonprofit organization whose main purpose is to protect consumers. The organization has no legal power, yet it keeps records of any consumer complaints made to the organization. It often intervenes on behalf of unsatisfied consumers who have dealt with businesses which have not attempted to settle complaints. Most businesses recognize that it is in their best interest to satisfy the customer before the BBB is contacted. Satisfied customers increase goodwill and build a positive reputation for a company (LaForge, Morris, & Schindehutte (2002). The Better Business Bureau documented Mrs. Jones complaint, then proceeded to contact Mr. Marcus, the store manager, on behalf of Mrs. Jones. Mr. Marcus had not been informed of this situation prior to the BBB's contact. He listened intently while the representative politely explained the circumstances and suggested that this matter be handled immediately. The BBB had concluded the manufacturer was at fault. The BBB advised the store to return the merchandise to the manufacturer and offer the customer a full refund. Mr. Marcus apologized and acknowledged full responsibility for the improper handling of the incident. Immediately, Mr. Marcus investigated the situation by interviewing everyone involved (Linda, Susan, and Mrs. Jones), as well as checking the store's merchandise records. Upon researching the incident, Mr. Marcus found that the particular suit in question had not been part of the store's merchandise selection after all.

REFERENCES

LaForge, R.W., Morris, M.H., Schindehutte, M. (2002). Entrepreneurial Marketing: A construct for integrating emerging entrepreneurship and marketing perspectives. *Journal of Marketing Theory and Practice, 10*(4), 1-19.