



Canterbury
Christ Church
University

Problem Orientated Project

Presented as part of the requirement of the Degree of Business Management, Canterbury
Christ Church University.

*"An investigation into the cause of a decline in like-for-like sales of mobile phone contracts in
2015/16 when compared year on year at the Carphone Warehouse Canterbury store."*

Preview from Notesale.co.uk
Page 1 of 53

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2.2 Post-purchase evaluation

Deciding whether a product, service or specific store deserves a repeat purchase includes many variables as Kanuk et al. (2010) explains. Namely; the initial customer satisfaction with the service received compared to a prior evaluation and expectation. Furthermore, the customer's loyalty to, in this scenario, a particular store or brand, and lastly; the perceived value of what is purchased and how the service was delivered.

Law, (2013) explains that "...experienced-based products must be first purchased and consumed before the consumer is able to evaluate." Therefore, a mobile phone; but more importantly the 24-month contract that is attached to that phone is an experienced-based product. The consumer will determine over the following two years whether what they were advised upon purchasing in store was completely adequate for them, and will subsequently return and repurchase if it was or potentially go elsewhere to a competitor if it was not. Kanuk et al. (2010) explains that "trust is the foundation that is built through maintaining long-standing relationships with customers" and this increases the chances of customers remaining loyal, and therefore continuing to repurchase. According to 'Nielsen's Customized Research Services': "Word-of-mouth communications or recommendations from other consumers...[is] the most trusted source of consumer information with 78 per cent trusting such sources". The research also indicates that "newspapers, consumer opinions posted online and brand websites are also relatively high scoring in terms of being trustworthy in the minds of consumers...and that television adverts are very low on the list" (Kanuk et al. 2010. P30). Kanuk et al. (2010) discusses also that "loyal customers buy more products" and "loyal customer spread positive word-of-mouth and refer other customers."

Any previous customers that may have been dissatisfied with Carphone Warehouse's mobile phone recommendations, service and/or perceived value perhaps have not returned to the same store, or may have opted to purchase from a rival competitor instead. As there is a significant decline in sales year-on-year, from the writings of Kanuk et al. above, perhaps customer loyalty is a further problem. This concept will be investigated through primary research.

3.2 Sampling

Upon research and the aid of a pilot questionnaire it was discovered that there were limitations to a simple random sampling method; described as “...a straightforward method of sampling that assigns each element of the target population to an equal probability of being selected.” (Samouel et al. 2011 P169) A clear lack of efficiency and accuracy was discovered during the pilot stage due to not clarifying with respondents whether they, in fact, had a mobile phone contract at all before beginning to ask questions. Subsequently, purposive sampling was included alongside a random selection process. Prior to collecting data, according to Saunders Lewis and Thornhill (2003) the questionnaire “should be pilot tested.” They explain that the purpose of pilot testing is to refine the questionnaire to limit “problems” for the respondents and the researcher in collecting the data.

It was decided with reference to Samouel et al. (2011) that a “10 to 1” ratio was appropriate due to the explanation that “today” purposive surveys that target a specific criterion within a survey, such as telemarketing, use a 10 to 1 ratio. Thus, every tenth person that was counted, approached and asked whether they would take part in a short questionnaire for a university project. If the individual politely declined, the next tenth person would be then chosen. It has been recognised that when the tenth person was a child, due to being under 18 years of age and therefore not able to purchase a mobile phone contract, they were discounted, and the counting would restart.

The purposive sampling method was crucially important during the primary data collection so to firstly; not waste the respondent’s time if they were found to be not applicable for the questionnaire, and secondly, to not allow anomalies to form in the data collection and skew the accuracy of the project as a whole. Purposive sampling “enables you to use your judgment to select cases that will best enable you to answer your research question” (Saunders, Lewis and Thornhill, 2003. P175) However, the disadvantage to using a purposive sampling technique according to Saunders, Lewis and Thornhill (2003) is that the sample will never be an accurate representation of the whole population. This has been recognised, as the author’s study only concerns the specific population within the set criteria of contract holders. According to Bryman & Bell, “interviewees may be selected ‘purposively’ on the

Qualitative question 2

If you have **NEVER** purchased a contract through Carphone Warehouse what is the reason for this?

Comments:.....

.....

This question was designed with the intention to discover both any assumptions of the public but also, and more importantly, what objections people have when deciding not to purchase through Carphone Warehouse. This question design has an advantage over all of the other questions, and allows the respondent to get straight to the point. The advantage is due to the question singling out only those who have never purchased through Carphone Warehouse previously; these are the exact people the study is aimed at.

During pilot testing, this question was filled in by nine of the twelve people who admitted never using Carphone Warehouse previously. However, during the final question, a very low number of people decided to fill out this question. Many of them struggled to decipher a specific reason, and many of the 18-23 age category announced that they “go with their parents to do their contract.” which is evidently with a competitor. However, Respondent 6 stated: “loyalty to the work.” Respondent 16 stated: “I get better deals through my local O2 shop.” Respondent 30 stated charmingly: “Carphone don’t make people feel respected, and loads of people I know think the same. They have bad service.”

In conclusion, this question perhaps should be refined for future respondents to increase response rate, however, the few responses that were generated did provide insight. Firstly, that the younger generation tend to be often lead by their parent’s decisions and recommendations, or the place their parents previously visited. This may mean that advertising should be segmented towards younger generations in order to let them become aware of Carphone Warehouse’s lower prices. Secondly, the study has discovered that many respondents aged 41 and over from the sample explained that they “go where they have always gone” and that they are loyal to their network. Two of the 50+ age category had heard of Carphone Warehouse, but assumed they sold their own network; these people simply said changing would be “too much hassle.”

Qualitative question 3

Does Carphone Warehouse advertise that they compare the most networks? <i>(Please Circle)</i>	
YES	NO
If NO - Please explain how you think Carphone Warehouse could improve advertising this.	
Comments:.....	
.....	

The highlighted area above is a follow-on question from the quantitative one above it asking for a simple yes or no answer. This question is qualitative in nature due to asking for an optional comment explaining any potential opinions the public may have regarding improving the advertising of one of Carphone Warehouse's key messages.

It was expected from pilot testing that this question would receive a low response rate, however the importance of the potential answers is what allowed the question to remain. This is a target area that the store manager has discussed continuously throughout the study, and as such, is a question that can help inform any recommendations to Carphone Warehouse. The majority of respondents claimed they, in fact, knew that Carphone Warehouse compares the most networks; 22 from 60 people said they do not.

Respondent 6 stated: "Carphone Warehouse could start advertising on YouTube. I always watch YouTube but never watch TV, plus its cheaper."

Respondent 10 stated: "Carphone need to tell people that they are selling more contracts than anyone else."

Respondent 14 stated: "They need to advertise that there is more on offer than just what the networks sell or people will think it costs more."

The conclusion of this question is that a surprising number, in relation to other questions asked, of people understood that Carphone Warehouse compares the most networks. However, a potential oversight is the question of the respondents simply assuming that Carphone, in fact, do; purely due to them being a third-party organisation. This logical

assumption may have been influenced further by the following question somewhat revealing the answer to the yes or no question. In future repeated surveying the follow-on question should be out of immediate eye-line as to not influence the respondent's decision in any way. No respondents claimed to be influenced by the questionnaire positioning, however the oversight to place a question potentially revealing the true answer nearby would need to be addressed.

Preview from Notesale.co.uk
Page 34 of 53

3) Location is not a significant factor in the pre-purchase decisions of the Canterbury public.

Despite the store manager's speculation regarding location being one element of the overall problem the store is facing, this study signified that location, in fact, ranked the lowest in terms of influence and importance in the sample's purchasing decision.

4) Carphone Warehouse is perceived by the sample as being more expensive than the network stores.

As seen within the data analysis, 78% of respondents had assumed due to Carphone Warehouse being structured as a third-party, thus selling on behalf of the networks; that they are higher in price. Alarming, from the 22% that assumed Carphone Warehouse is lower in price than the networks, the majority could not provide reasoning for their selection. This has been defined as both a communication problem between Carphone Warehouse and the public, alongside a pre-purchase evaluation problem in terms of how Carphone Warehouse defines its reason for existing in the industry. This clearly reflects the overarching problem the store is having.

5) Online purchasing is reducing store footfall, and therefore, in-store sales.

Due to 32% of the sample claiming they purchase online due to perceived lower prices and added extras such as cashback, paired with theory reinforcing that online purchasing is increasing, Carphone Warehouse Canterbury's store sales are being reduced by online purchasing.

6) Those never to have previously purchased through Carphone Warehouse associated the networks with higher intimacy, lower price, and better service.

This conclusion displays a lack of knowledge of Carphone Warehouse's core services, and reinforces that their advertising content needs adapting to target network customers.

Appendix VI – Final Questionnaire

(Front page)

(Rear page)

What is your age range? (Please circle) <table border="1"><tr><td>18-23</td><td>24-29</td><td>30-41</td><td>42-49</td><td>50+</td></tr></table> Which organisation did you purchase your current and previous mobile phone contract from? (Please circle) <table border="1"><tr><td>Current:</td><td>Carphone Warehouse</td><td>O2</td><td>Vodafone</td><td>EE</td><td>3</td></tr><tr><td>Previous:</td><td>Carphone Warehouse</td><td>O2</td><td>Vodafone</td><td>EE</td><td>3</td></tr></table> Other (Current) Other (Previous) If your current and previous selection are DIFFERENT, please explain what made you change. If your current and previous selection are the SAME, please explain what made you stay. Comments: Please rank to what extent the following elements influence your mobile phone contract purchasing decision. (Please Circle) <table border="1"><tr><td></td><td>(1) Unimportant</td><td>(2) Of little importance</td><td>(3) Unsure</td><td>(4) important</td><td>(5) Very important</td></tr><tr><td>Advertising and reputation</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr><tr><td>Staff personality/Service</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr><tr><td>Researching alternatives</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr><tr><td>Lowest Price</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr><tr><td>Location</td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr></table> Carphone Warehouse sells contracts on behalf of other networks (Third Party). Do you think purchasing a contract on EE, O2 or Vodafone through Carphone Warehouse would be lower or higher priced than going directly to the network store? (Please circle) <table border="1"><tr><td>Lower</td><td>Higher</td></tr></table> What makes you think this? :	18-23	24-29	30-41	42-49	50+	Current:	Carphone Warehouse	O2	Vodafone	EE	3	Previous:	Carphone Warehouse	O2	Vodafone	EE	3		(1) Unimportant	(2) Of little importance	(3) Unsure	(4) important	(5) Very important	Advertising and reputation	1	2	3	4	5	Staff personality/Service	1	2	3	4	5	Researching alternatives	1	2	3	4	5	Lowest Price	1	2	3	4	5	Location	1	2	3	4	5	Lower	Higher	Is your preference to purchase your mobile phone contract online or in store? (Please circle) <table border="1"><tr><td>Online</td><td>In store</td></tr></table> Why? Comments:..... Please rank in terms of importance the sources you may use to make your purchase decision. (Please write a number from 1-5 in each box – 1 being most important and 5 being least important) <table border="1"><tr><td>Recommendations (friends and family)</td><td>☐</td></tr><tr><td>Television advertisements</td><td>☐</td></tr><tr><td>Independent online review sites</td><td>☐</td></tr><tr><td>Official network website</td><td>☐</td></tr><tr><td>In-store staff</td><td>☐</td></tr></table> Other:..... If you have NEVER purchased a contract through Carphone Warehouse what is the reason for this? Comments:..... Does Carphone Warehouse advertise that they compare the most networks? (Please Circle) <table border="1"><tr><td>YES</td><td>NO</td></tr></table> If NO, please explain why you think Carphone Warehouse could improve advertising this. Comments:..... Does Carphone Warehouse allow you to upgrade with them and retain your phone number and tariff for a lower price? <table border="1"><tr><td>YES</td><td>NO</td></tr></table>	Online	In store	Recommendations (friends and family)	☐	Television advertisements	☐	Independent online review sites	☐	Official network website	☐	In-store staff	☐	YES	NO	YES	NO
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