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Research Article

Customer Preference Shift: A Laundry Shop Experience

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ABSTRACT

This study was an attempt to investigate the dynamics of a phenomenon that happened in a self-service laundry shop. In the beginning, very few customers would patronize it. But little by little more customers began to frequent the shop and most of these were from the locality. The preference shift of customers was interesting. This situation was believed to reveal some findings that could be used in similar businesses. Qualitative was the method and specifically a case study. It made use of observations and informal interviews of two laundry attendants who have been in at least two years in the laundry shop, one maintenance personnel who has been present since the start of the establishment, and over five hundred regular customers. The observations and interviews revolve around the areas of concern at the start of the laundry shop, key characteristics of regular customers, reasons why customers made the preference shift from going with what they used to do towards availing the new service package, and the challenges encountered in the process of service delivery. Conclusions on the four areas of inquiry were; service value realization was slow and this influenced the initiatives that were made; customer satisfaction was dependent on price, service quality, and rapport and subsequently led to referrals; customers realized that it is more convenient to avail of the new service package, and competition served as a reason to improve service delivery; and sustained customer loyalty and organizational citizenship provide an environment for growth.

Keywords: *Customer loyalty, Organizational citizenship, Quality of service delivery, Self-service laundry shop, Service value realization*

Introduction

The study was an attempt to explore the dynamics that happen when something new

comes along, particularly in business. When a new product or a new service package is introduced, many aspects come into play. One of

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these aspects was the reason why a customer would want to avail of a new product or a new service package. One approach would be to look at the presence of a crisis as a trigger for customers to want to change (Waghid, 2023). From the customers' point of view, a crisis could come in the form of an unanswered need. An example from personal experience was my search for a special valve that controls water pressure, but I could not find it in all the hardware stores around. Then, I found it through online shopping. Truly, products or services gain relevance if they satisfy customer needs. Subsequently, these customers with satisfied needs become loyal customers (Ellitan, 2023).

This study involved a new technology as part of a new service package and technology among many other factors contributes to customer loyalty (Abdela, et al., 2023). Technology improves the way we do things and we observe these new technologies in our daily lives. To name some examples, a study on the application of technology in a warehouse was conducted, and the results showed that technology improved warehouse operations (Khan, 2023). In another setting, due to mobile technologies, it became possible to remotely avail of medical care in the field of internal medicine (Nwagwu & Areo, 2020). Indeed, technology has made possible many things that were not possible before.

Another reason that drives customers to prefer a product or service is its price. We would like to see our hard-earned money's worth and for this reason, people would search for many alternatives just to get the least price. Prices of products influence buying behavior (Lejiw, 2023). Convenience was also a factor in customer loyalty. If a service package saves time and allows customers to do other tasks instead of spending time to do a routine that eats up their time, that service package could be perceived as worth exploring. If a service package makes the lives of customers easier, it will in effect, relieve customers' pain points. These assertions were supported by a study that found that convenience contributes to service quality (Sun & Younghwan, 2023).

A similar phenomenon was noticed in a self-service laundry shop. It started with just two commercial washers and two commercial

dryers, and with very few customers. The people in the neighborhood were not used to having their clothes done in laundry shops. After some time, more and more people patronized the establishment, and regular ones referred a good number of new customers. Then people were no longer hiring laundry women. Laundry shops were not something people in the vicinity were used to, and now it was something that even people from the lower class patronized. The customer preference shift was interesting. This study attempted to dissect the dynamics that unfolded in this establishment, in the belief that the findings of the inquiry could be applied in similar settings.

Research Questions

The study determined the underlying dynamics and principles related to the introduction of a laundry shop in a locality in Talisay City, Cebu, Philippines. It determined the reasons why customers patronized the new laundry shop. It likewise determined the alternative laundry options of customers and the problems that customers experience in the laundry shop. The observations and informal interviews with informants revolve around these questions:

1. What were the concerns that were encountered by the laundry shop personnel when starting the business?
2. What were the characteristics of customers that frequently avail of the laundry services?
3. What were the preferences that customers shifted from in terms of having their laundry done?
4. What were the challenges that the laundry shop personnel encountered in service delivery to customers?

Method

This study was conducted in a laundry shop, located in Talisay City, Cebu, Philippines. It particularly investigated the experiences of its personnel and customers. The laundry shop started operating in twenty eighteen. The inquiry was made to discover principles that made customers patronize the services of the laundry shop and the problems that customers encountered in the delivery of service. The study was qualitative research and was specifically a case study. This case study made use of

observations and informal interviews with three laundry shop employees who have been in the shop for at least two years and with more than five hundred regular customers. Two of the three employees were laundry attendants who served as cashiers and laundry assistants at the same time. One of the three employees served as a laundry technician and was in charge of both preventive maintenance and immediate repairs. The more than five hundred regular customers were roughly sixty percent minimum wage earners and roughly forty percent belonged to the middle class or at least earning beyond minimum wage. The exact number of regular customers, however, really fluctuates. The estimated number was based on the list of registered customers which was a little more than one thousand one hundred, and based on the observations of attendants, about half of them were regular customers.

Results and Discussions

Concerns Encountered at the Start of the Business

When introducing a product or service that was new to customers in a certain locality, implementors would have to deal with uncertainties. Customers were already used to their routine in terms of having their laundry done. Coming up with a new way of doing their laundry might have resistance. Resistance could be due to the fear that there could be risks in the new method and the lack of understanding of the new technology (Sánchez et al., 2019). It was only when customers realized the value of the new technology, that they started using them. In this connection, the laundry shop started operating with only two commercial washers and only two commercial dryers. At present, however, the laundry shop is equipped with eight washers and eight dryers. This was about the time when customers began to appreciate the new method of washing clothes. Given the earlier concern, enough reserved funds that sustain the business while it was still in its infancy stage were set aside. Sufficient funds improve the performance of entrepreneurs (Siddique, et al., 2020). Another concern was the price of the service offered. There is no clear rule as to how pricing was computed. An initial rate for washing and drying was simply

followed by existing laundry shops in nearby cities. Pricing was influenced by market demand, the ability of the customers to pay, and the presence of competition. Price adjustments made in the laundry shop were based on these factors. Another concern was survival in the face of uncertainty. Being new in the business, concerns like: "How do we package laundry services so that customers will have positive responses?"; "How do we monitor the performance of washing and drying machines so that they can serve customer needs?"; "What do we do if something goes wrong with the machines?"; etc. One of the alternative lines of action was to continuously acquire information and initiate innovations in all aspects of the business and in time all concerns that come at the start of the business cleared and the business delivery continuously improved. These innovations lead to increased competitiveness and excellent service delivery (Wang et al., 2022). In summary, customers were used to their routine and resistance was experienced. It took some time for customers to realize the value of the new alternative. Accordingly, the move to start small and grow in both service delivery capacity and needed experience paid off. The need for reserved funds, appropriate pricing, and refined operating procedures were important. All these were taken into consideration in an environment of constant knowledge acquisition and innovation.

Characteristics of Regular Customers

Knowledge of relevant information about customers who frequent an establishment allows business personnel to fine-tune their strategies to be more effective. The number of customers did not grow immediately. It followed the rate of change of customers' appreciation of the value of the new service offered. Now, customers that frequent the laundry shop number around five hundred. Roughly sixty percent of these were minimum wage earners and roughly forty percent belonged to the middle class. It was worth noting that the majority of customers belong to the low-income class. This meant that the service price was within their paying capability. Price was the sum of direct cost, overhead cost, and profit margin (Bigambo et al., 2023). Direct costs

included labor costs, materials, supplies, etc. Overhead costs include rent, office supplies, utilities, etc. The profit margin had to consider the customers' willingness to pay. Willingness to pay was influenced by brand equity or the value attributed to the service based on customers' perception and experience, quality of service, and the nearness of the laundry shop (Rakesh et al., 2023). The addition of the profit margin completes the price of the laundry service provided. Since the price could not go higher than what the customers were willing to pay, innovations in the delivery of service, innovations with machine functions, and innovations in the maintenance of machine parts were done to reduce operational costs. Organizational capability for innovation leads to enhanced performance (Pradana & Safitri, 2023). In addition to innovations, laundry attendants were given training to make customers feel at home through quality service and strong rapport with them. In addition to reliability and responsiveness of service, customer loyalty can be strengthened by building an emotional connection with them through the exercise of good manners and by treating customers with genuine respect (Razak, et al., 2023). As a result, many customers came to the laundry shop through word of mouth by satisfied customers. Customers recommend due to the quality of service provided by way of the attitude and competence of the laundry attendants, by way of physical attributes of the shop, and by way of convenience on the part of customers. In summary, sixty percent of customers belong to the low-income class, and the rest are from the middle class. This indicates that the price was within the range of the customer's willingness to pay. To increase profit margin without increasing the price, innovations in both business processes and machines were helpful. Price, service quality, and rapport with customers led to customer referrals.

Preferences that Customers Shifted from in terms of Laundry Services

After apprehensions at the start of the business were cleared and a deeper understanding of the characteristics of the shop's customers was established, laundry personnel now gave a closer look at the preferences that customers

shifted from. These could provide information for service innovation initiatives. Some customers used to do their laundry. However, they could only wash during their day off which happens only once a week. Even though they would need to pay for laundry services, they would prefer to relax during their day off instead of spending it doing their laundry. Customers prioritized their convenience over the expenses they incur through the service provided to them. In this connection, service providers should guarantee convenience and create business processes that ensure convenience every step of the way. Some customers have their laundry done by laundry women. The service provided by these women takes time to wash because they normally hand wash, takes time for clothes to dry since they hang them in the sun without spinning like with laundry machines, meals were provided to laundry women, and monetary compensation was expensive, and materials needed for washing were provided. With laundry service, clothes are cleaned and dried in less than two hours, and was a lot cheaper compared to laundry women. In a study by Olufemi et al. (2023), it was found that positive experiences of customers in different aspects of service would make them repeat in availing the same. Some customers had their own washing machines. However, at times they had to avail of the services of laundry shops for lack of water. In our locality, water supply interruptions happen (Palanca-Tan, n.d.). The nearest competition in terms of other laundry shops was approximately one kilometer away. These were real threats of the laundry shop focused in the study. So that customers will continue to patronize its services, all possible competitive advantages were exploited. One of the areas of exploiting competitive advantages was service delivery. If a service provider surpasses the competition in service delivery quality, customers will have a strong possibility of patronizing the one that performed better than others. Hasdiansa and Hasbiah (2023) in their study on goods delivery services mentioned that customers should experience empathy, responsiveness, and assurance during the delivery of services. Tangible things in the laundry shop should also convey quality service. The other area that could

also be exploited in terms of building competitive advantage was innovation (Endzejczyk & Schmitka, 2020). Business processes were improved to provide better service quality. Machines were periodically maintained for better service delivery. Machine components and functions were innovated to facilitate maintenance and functional efficiency. In summary, other options available for customers to have their clothes washed were to do the hand washing themselves, to avail of the services of a laundry woman, and to use their washing machines. The price and convenience that the new laundry services offer made it practical to shift their preference. The occurrence of water interruption simply reinforced their option to shift. The presence of competition provided the real threat, exploiting all possible areas to gain competitive advantages could even the odds.

Challenges that Customers Experience in Service Delivery

Challenges that were encountered during service delivery could serve as leverage in making the establishment gain more competitive advantages. In the early days of the laundry shop many complaints like loss or damage of customers' clothes, dirty machines and surroundings, disorganized stacking of unwashed and washed clothes, etc. These basic concerns were already solved with the installation of standard operating procedures that prevent the same problems from recurring. The consistency of implementation of standard operating procedures depends on training processes and control and evaluation systems used by the service provider (Perminov et al., 2023) There was a transition from inefficient service to service that continuously seeks to improve and seek to install methods that enhance service. In a study by Amadi (2022) on services rendered by banks, services that seek to continuously find out new ways to better serve customers and services that integrate new methods greatly increase competitive advantage. The shop used to have staff that were very irritable and unfriendly. Although their stay was short the situation highlighted the need to hire friendly and helpful staff. In this connection staff that took initiative in improving the shop would even be better. Making initiatives to

improve the organization was a manifestation of organizational citizenship. Job satisfaction, positive organizational climate, and organizational commitment lead to organizational citizenship (Manihuruk & Kustini, 2023). The shop installed a system of giving incentives to loyal customers by giving them one free load for every ten loads of washing or drying. This is a paid and immediate loyalty program, where service cost was reduced because of loyalty, and reward was given as customers avail of the service. In a study by Lee et al. (2019), immediate rewards increase customer loyalty. However, in the early days of the laundry shop, some attendants did not give the reward to customers and kept the money instead. The management's feeling of gratitude towards loyal customers does not concern the staff. The staff do not care about customers, they only think of themselves. A study showed that dishonest behavior can affect one's cognitive and emotional sense of empathy towards others, and in the context of service delivery, the customers (Miller, 2019). This situation emphasized the need for staff that truly care for customers. Customer care practices throughout the process of customer engagement should be done to encourage repeat patronage and customer retention. The management struggled in the early part of the business, but experience and hands-on involvement in the running of the business and effective implementation of monitoring systems helped. During times of uncertainty, companies with highly committed owners greatly affect the business' economic recovery (Buchanan et al., 2022). Customers find it discouraging when service delivery is delayed. In response to this concern, the availability of machines was improved through these initiatives. The first was to have enough machines that serve the volume of customers. The second was to build company technical capability so that the shop would not be dependent on machine supplier technician that was both expensive and very delayed in rendering service. The third was to make improvements in service processing and innovations of machine functions. In summary, inefficient service in the laundry shop was diminished through the introduction of efficient standard operating procedures, and further improvements were made

through responsive and innovative service. Reinforcement of customer loyalty combined with genuine care for customers through effective work processes and innovative maintenance, along with active involvement and monitoring, create a business environment that promotes customer patronage and retention.

Conclusions

Based on the collective observations and informal interviews of research informants the following generalizations about the dynamics of customer preference shift as experienced by workers and customers of a laundry shop were ascertained. The generalizations are grouped according to the specific questions included in the study.

1. The customers' pace in terms of service value realization about the laundry shop was slow and this influenced the initiatives that management made.
2. The customers' satisfaction was dependent on the price, service quality, and rapport with customers. Subsequently, customer satisfaction led to customer referrals.
3. The customers' preference to shift to a new mode of service delivery was triggered by the obvious inferiority of the things they are used to and competitors served as reasons for increasing the quality-of-service delivery.
4. In business environments where customer loyalty is reinforced and workers' organizational citizenship is manifest, challenges become growth opportunities.

Recommendations

After considering the conclusions, recommendations were directed to these three groups of persons. These were for the personnel of the laundry shop selected for the study, personnel of similar businesses, and future researchers.

1. The generalizations made in the study provide many areas of possible improvements for the laundry shop selected in the study. These possible improvements revolve around the following items:
 - a. Paying close attention to customer concerns since customer patronage

was closely linked to service value realization;

- b. Monitoring the quality-of-service delivery because this affects customer referrals;
 - c. Paying close attention to improvements in all aspects of the business because one's competitive advantage over competition determines success;
 - d. Creating initiatives that reinforce customer loyalty and workers' organizational citizenship.
2. It was recommended to the personnel of similar businesses, to investigate the areas that were highlighted in the study like, service value realization, quality of service delivery, competitive advantage creation, customer loyalty, and organizational citizenship.
 3. It was recommended to researchers:
 - a. to use the same research framework on similar businesses that experienced similar conditions; and
 - b. to make studies on similar businesses that focus on the areas highlighted in the study like service value realization, quality of service delivery, competitive advantage creation, customer loyalty, and organizational citizenship.

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