Challenges and Opportunities of Service Industry in Emerging Economies

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Amrik Sohal
Professor, Monash University, Australia

Amrik S. Sohal is a Professor in the Department of Management at Monash University, Australia. He has authored or co-authored over 150 papers published in refereed journals, as well as three books and a number of chapters contributed to books. His current research interests are in operations strategy, technology management, quality/innovation management and supply chain management. Professor Sohal is a member of the Editorial Board of a number of journals in the area of quality management, technology management and operations management. Professor Sohal has received research grants from the State and Federal Governments, the Australian Research Council, local industry and Monash University. In 2001, Professor Sohal received the Vice-Chancellor’s Award for Postgraduate Supervision. In 2004, he received an award for research excellence from the International Association for Management of Technology and in 2009 the publications award from the same organisation. In 2010, Professor Sohal received the Dean’s Award for Excellence in Research.

Rajesh Piplani
Associate Professor, The school of Mechanical and Aerospace Engineering, Systems and Engineering Management Nanyang Technological University, Singapore

Dr. Rajesh Piplani is the director of the Center for Supply Chain Management at NTU. He obtained his M.S. in Industrial Engineering from Arizona State University in 1990, and his Ph. D. from Purdue University in 1995. Dr. Piplani is listed in Marquis Who is Who in Science and Engineering in USA (1998-1999). He has over seven years of industry experience in India and USA in the areas of Supply-chain management and production planning of power plant equipment and semiconductor fabrication facilities. Since 1998, he has been on the faculty of NTU. He is Program Manager, Integrated Manufacturing and Service Systems (IMSS) for Singapore funding agency A*Star, managing the SGD 8 Million program. He is an associate consultant with Y3 Technologies. He also sits on the eSCM council of Singapore Manufacturers Association and council of Supply Management Institute of Germany.
PREFACE

The 2nd International Conference on Industrial Engineering and Service Science (IESS - 2013) was organized by Industrial Engineering Department of Institut Teknologi Sepuluh Nopember (ITS) in collaboration with Department of Decision and Information Sciences at the Charlton College of Business, University of Massachusetts Dartmouth (USA) and Industrial Engineering Department of Gunadarma University, Indonesia. IESS is a cross disciplinary conference that brings together leading scholars, researchers, teachers and practitioners examining the blend of Industrial engineering discipline and service science and their impact in today’s business practices.

This conference was convened following the previous conference under the same title held in Solo, Central Java at 2011. This year conference theme’s is “Challenges and opportunities of service industry in Emerging Economies”.

In this conference we have received more than 115 submissions. After thorough peer review process, we have selected seventy three papers to be presented. This process was performed in order to assure the quality of the papers in presentation sessions. We thanks to all reviewers who have spent hours reviewing all the assigned submission and ensuring the quality of the papers.

Finally we would like to express our sincere thanks to those who have paid a great deal of effort and time for preparing and organizing the IESS 2013, and to take this opportunity to express our sincere appreciation to all the presenters, delegates, reviewers, keynote speakers for their interesting and valued contributions. Our special thanks also go to our Silver Sponsor, PT Telkomsel Indonesia for providing generous support for this conference.

August 20th 2013

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What Customer Want From Online Bookstore?

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ABSTRACT

Nowadays, retail must run multichannel store to increase its revenue and satisfy the customer. Besides the physical store, they also need an online store to accommodate the customer who chooses Internet as their way to shop. X Store, as the biggest bookstore in Indonesia, realized about this trend and since 2002 they built their online shop, it is named X Online. This research has an objection to give suggestions for factors that influence the customer buying interest, based on a statistical test series. It will help the X Online to do some effective ways and win the competition. We did the descriptive analysis to check the respondent demography and customer score for each variable, for satisfaction and importance factors with Likert scale from 1 to 5. To see the relationship between customer demography and the variables, we used the Crosstab analysis. Followed by Manova test to see the difference between satisfaction and importance level, then the last was Quadrant analysis, to find which factors are weak, so X Online must focus on it. The result showed that the customer felt satisfied for on time delivery. Crosstab analysis showed there was a relationship between X Store customer and X Online customer. They who have ever shopped at X Store with the minimum frequency once a month, also shopped at X Online. From Quadrant analysis, we knew that the strengths of X Online were collected, wide range delivery, guarantee, on time delivery, book condition, and data security. The weaknesses were product availability, price and discount, simplicity and order procedure.

Keywords: customer satisfaction, buying intention, physical and online store

1. Introduction

The internet becomes a new phenomenon in this world. The ways people connected is changing, and it is including how they have a trade-in. As a customer, they want more customization for their product or service. For product, they want the exact or a specific product that can fulfill their needs, with some requirements, like the affordable price, faster delivery, and easiness to pay. It is the same for the service. The customers want to have a good experience from the seller. They just want to sit in their house, and the product or service will come. They need more satisfaction than before.

How sellers sell their product or service also changing. Sellers must face off the tighter competition now, and it makes them must find the way to win the competition. There is no other way than fulfills what the customer want, moreover to be a pioneer in the customer expectation. Therefore, a seller with a good product has enough availability, faster delivery, process all the order anytime, and accept various kinds of payment, will be a winner.

People sell and buy through the Internet become a habit since the Internet introduced in the late of 1980. That is why an online shopping appears as the way to fulfill customer orders. However, the online shopping already becomes a trend, and the growth is good. Last year, in 2012, there was an increasing until 15% of the online shopping in Indonesia market. It means that Indonesian choose other channel to buy something, and it related to the more active and mobile person, that makes they only have a few times to buy something. Online shopping becomes a solution.

There are three types of online shopping. The first is Business-to-Business transaction, from an organization to another organization. The other is Business-to-Customer transaction, or from organization to the user. The last is Customer-to-Customer; the individual person will sell the product (new or used) to another user. That is why the physical store must consider about this new channel, to fulfill customer demand and increasing their revenue.

The acceleration of retail competition has changed the nature of retailing. Today, retailers are using customer service to provide an important competitive advantage to their firm, to differentiate their firm from others [1]. Retailers are being faced with many challenges today. Especially when the Internet penetration growth is very fast. Indonesia as the fourth largest countries in the world has an interesting market to explore. Like the other country, Indonesian also used the Internet to get interaction with other, especially in the social media. Another activity is online shopping, even though it still cannot beat the physical store revenue. Indonesian still buy in store because they treat shopping as the recreation, and they more trust the physical store rather than an online store. But with a better income, a bigger percentage of younger than the older and a consumptive lifestyle, it makes the online shopping easy to optimize the new trend. In addition, it is affected to