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The Fall of Sears from within:
How Customer Sentiments Refuted Retail Capital and Authority

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ABSTRACT
This research aims to understand the relationship between Sears Holdings Corporation and its customers, while exploiting feedback from customers to identify reasons for Sears’ decline. The problem statement is dependent on identifying aspects that affect consumer behavior most and linking a connection to the increased number of dissatisfied Sears’ customers. In order to analyze this phenomenon, customer attitudes were compiled over the key four years of Sears history using a customer sentiment analysis. This empirical method of research was chosen because of the large impact that consumer sentiments have on spending, allowing the development of both internal and external views of Sears to fully access the company’s well-being. Store image, store layout, customer disloyalty, and employee mindset were all examined in the production of this study. The research concludes that many of Sears’ customer issues arose from failure to act internally, resulting in further decline of the company, along with miscommunication and the inability to be competitive. Primary issues found in each of the four years studied were identified, with problems in the service and delivery department seen most frequently. Issues involving employee attitudes towards customers were also noted, along with Sears’ failure to work with customers through issues involving products purchased at Sears. This study reiterates the prominence of a robust relationship between a company and its customers. The plunge in Sears’ profits over the past decade have been driven in part by customer disloyalty, exposing the power that a customer holds to Sears Holdings Corporation. Many of the emerging problems from a consumer standpoint arose from the difference between the service expected by the customer and the service that was provided, often with gaps and shortcomings. The analysis of sentiments also reveal issues about reliability, responsiveness, assurance, empathy, and tangibles that were the five dimensions of SERVQUAL measurement. Further research on sentiment contents was suggested.

INTRODUCTION
Sears Roebuck Company is a diversified department store that operates today with 894 locations in the United States and 140,000 employees (Kilgore, 2018). The retail icon rooted in the 19th century promotes a wide-ranging variety of products comprised of: appliances, car services, tools,
home goods, and clothing. Started in the 1890’s, by Richard Warren Sears and Alvah Curtis (2017). By the turn of the 20th century, Sears was a well-known brand, topping $1 billion in sales by 1945 (Meyer, 2017). The company continued to innovate and rise through much of the 20th century with the introduction of the infamous Christmas catalog, to the construction of the Sears Tower. Throughout this period, Sears introduced and built strong brands such as Kenmore, Craftsman, and DieHard.

In the 1980’s, Sears attempted to diverge from its core competency of a retail provider into insurance and financial services, introducing the Discover Card in 1985 (Calandro, 2008). This experiment to increase profit through multiple sources of income quickly became a colossal disaster for Sears, losing $4 billion by 1992 and the title of the nation’s top selling retailer to Walmart (Halzack, 2017). Searching for an opportunity to keep up with the times, Sears launched its website in 1999 in hopes to capture a new, younger population of customers. The new century would bring increasing competition to keep loyal customers and tough times for the iconic department store.

Good retail is built on a store’s ability to be flexible and adapt to the ever-changing needs of customers. The level of generosity and service that a consumer experiences when visiting a store molds their perception of that brand, which in turn has an effect on the probability of them becoming a repeat customer. The purpose of this study is to examine customer sentiments in order to identify variables used by consumers to evaluate Sears, such as customer service, customer perception, service failures and potential recoveries, customer dissatisfaction, and understand the impact these factors had on the decline of Sears.

RETAIL STRATEGIES, HISTORY OF SEARS AND THE KEY FOUR YEARS

To understand customer perception of a store we must study store image. A store’s image is depicted in the mind of a consumer based, “partly on functional attributes and partly on psychological attributes” (Kaul 2006, Martineau 1958, p. 47). Martineau (1958) found that there was a link between customers’ perception of their own image and the image of a store they prefer to shop (Martineau, 1958, p. 48). Composed of things much broader than the physical aspect of a building; store image also encompasses quality of goods sold and customer service levels (Zimmer and Golden, 1998). The cleanliness, lightening, and organization of a successful store is expected. However, what keep customer coming back is the energy and atmosphere of it. Advertising is an example of an action that stores take to improve their store image. In 2011, Sears spent nearly seven-hundred million dollars on advertisement; however, this number fell to almost three-hundred million in 2016 as the retailing giant made budget cuts (Peterson, 2016). Advertising is proven way to increase profit, which is why Sears’s decision to stop buying television ads during the 2017 holiday season came as a shock to many (Vranica, Kapner, 2017).

In the past, Sears had reaped the benefits from the concept of store image, as well as strong private label brands, such as Kenmore, Craftsman or DieHard. These private brands earned loyalty of customers and have high brand equities (Corkery, 2017). Sears is in the process liquidating these important assets. Sears sold off Lands’ End in 2014, though Lands’ End products still physically remain in stores (Northrup, 2016). In 2017, Sears also sold one of its most well-known private
label brands, Craftsmen, to aide in financial troubles for a sum of $950 million that is to be paid over the next fifteen years (La Monica, 2017). The sale of the private label brand to Stanley Black & Decker allows both companies to produce and sell Craftsmen products. Sears’s willingness to sell Craftsmen exposes the dire financial times in the company.

Store layout is an additional component that helps to form store image, making browsing as efficient and shopping as friendly as possible to entice customers through attractive shelf arrangement, shelf height, and aisle design. In a study, it was found that the most beneficial way to categorize a store to lead to a positive impact on sales is through goal-based categorization (Lamberton and Diehl, 2013; Desai and Ratneshwar, 2003). This organizational strategy also indicated favorable attitudes among customers by eliminating the feeling of being overwhelmed by the astounding quantity of products sold in a store. By properly placing the allotment of products on shelves, a more positive store image was formed by the customer, resulting from a decreased probability of products being out of stock (Lim et al., 1999). Conclusively, we can state there is a positive correlation between the likelihood of a customer to purchase a product and the image of a store.

Sears too long depended on large revenue earnings during the span of promotional periods. For years Sears effectively used a strategy of seasonal sales on brand name, private label products previously mentioned that attracted large numbers of customers to the department store for the duration of sale; however, this business practice proved to be non-competitive and outdated when the rise of discount retailers came about. Walmart, Kmart, and discount retailers alike recognized this and created a strategy to take aim at the largest retailer in the United States; coupled with an unstable economic condition, their target quickly overtook the retail giant. From the viewpoint of a Sears executives, the idea that these discount retail stores were going to continue to offer promotions seemed foolish; this could potentially lead to high expectations from consumers searching for discounted bargains.

Ineffective sales strategies and distribution techniques not only costs the company, it directly affects the customer by the price they must pay. Sears acquired most goods from domestic sellers, which put them at a large disadvantage to discount retailers who utilized imports to receive goods (Traub, 2001). The loss of the title of the nation’s top selling retailer for Sears in 1991 signaled a change in the market, which led to an internal reconstruction of the department store industry. Sears was, however, the leader in one category in 1991: the cost of sales (Meyer, 2017).

Opting to overlook a strategy in low-cost retailing, Sears invested its energies in an internal organizational audit (Logistics Bureau, 2017). As profits fell, the company had to look within to see where the once top-selling department store was failing. In 1992, Sears introduced a recovery plan for the company. With the use of total performance indicators (TPI) as a method to self-evaluate themselves in the eyes of the consumer. Total performance indicators are based on data collection, analysis, modeling, and experimentation. These areas of performance can be used to measure how well a company is doing with customers, employees, and investors (Rucci, Kirk and Quinn, 1998). The recovery plan introduced five new priorities including score-business growth, customer focus, cost reduction, responsiveness to local markets, and organizational and cultural renewal. Sears set these priorities for all employees, while senior management specifically was
asked to pay close detail to customers, employees, financial performance, innovation, and values. Results from the total performance indicator models suggested that there was a cycle within Sears on things like the impact of employee attitudes on customer service, and Sears’s image to a retailer and employee (Rucci, Kirn and Quinn, 1998). The better the attitude of the employee, the greater experience the customer was likely to have when shopping at Sears. Likewise, Sears’ store image was more positively reflected when employees had a more positive attitude. Findings also suggested that positive behavior of an employee were directly correlated to their ability to make a connection to Sears and their own individual work (Rucci, Kirn, and Quinn, 1998). The total performance indicators allowed Sears’ to get a glimpse of how customers thought and acted.

The need of a consumer changes continuously and companies must always be prepared to adapt to their needs. Ignoring customer and retail trends led to Sears being left behind in the technology world and decreased customer service, which led to an increase in customer disloyalty. Many of Sears’s once-thought loyal customers left as the result of customer dissatisfaction. Sears’s philosophy focused on employee satisfaction and its positive correlation to customer satisfaction. (Reichheld, 1998). Derived from a study by Fred Reichheld which found that, “There are quantifiable links between employee satisfaction, customer satisfaction, and positive financial results.” A happy employee leads to a happy customer who spends money, generating positive financial results. This logic can help to explain the departure of dissatisfied customers from Sears causing customer retention to plummet.

Sears thrived in an era when the seller of said product provided much of the information that was produced about a certain product. This was ideal to sellers in an age of mail-order retailing, but as technology advanced, retailers had to adapt and adjust strategies to account for product information availability. Today, consumers can read hundreds of reviews about any given product on the internet before making a purchase; this awareness of product performance adversely impacted Sears’ sales strategy, permitting consumers to articulate a knowledgeable, preconceived decision on private label products before even entering the store. This unlimited ease of access to information had a detrimental effect to Sears in the very same market they once thrived in.

Another retail icon, Kmart, was also struggling at the time due to competition from Walmart and failure to keep up with the ever-changing culture, thus leading to a merger with Sears in November 2004 for $11 billion; the new company to be named the Sears Holdings Corporation (Isidore, 2018). Unfortunately, this fresh business strategy proved that it was unable to rescue the American company. Sears began to lose market share in 2010 and has not since recovered; leading to a loss of more than 200,000 employees in ten years, and the closing of more than 2,000 stores in 2016 (Sweeney, 2016).

Kline (2017) detailed the activities of key years that Sears could have had positive impact on the recovery, but has fallen further instead. Here are some highlights:

- 2011: First store closures happened
- 2012: The last time Sears posted profits for the 4th quarter of the year.
- 2013: $30 billion credit portfolio was sold to Citibank.
- 2014: Land’s End and Sears Canada was sold.
- 2015: Major store closures and real estate sale to raise $2.7 billion.
Sears declared that its focus of strong real estate portfolio (i.e. on-retailing activities) in 2015. From this point on, lack of investment to stores and employees tuned the remaining stores barren and outdated relics (Kline 2017)

Sears has been in operation for 132 years now, but many of the most recent years have been spent battling a debt crisis. A debt crisis coupled with failure to compete with modern-day retail giants, Walmart and Amazon, left Sears with no option. On October 15, 2018, Sears Holdings company filed for Chapter 11 bankruptcy protection, this came as the result of the company being unable to pay $134 million in debt. Chapter 11 provides financial protection, which will Sears hopes will allow them to continue to operate through the end of the year, gaining profits from holiday shoppers. Along with the announcement of Chapter 11, Sears has decided to close 142 stores that have been deemed unprofitable (Corkery, 2018). With the closure of these additional stores, Sears will have closed 300 stores and laid off roughly 21,000 employees in 2018 (Corkery, 2018). Sears has not had a profitable year since 2010, and has lost over $11 billion (Corkery, 2018). The company that had a major role in shaping American retail history looks surely destined for doom.

**METHODOLOGY**

This study is focused on customer sentiments about Sears collected from public sources from 2012 to 2016. These important transition years showed the shift in Sears business focus from retailing to real estate liquidator. Customer comments happened completely voluntarily without researcher interference. This is a great opportunity to analyze how Sears’ retail service quality had changed and how customers reacted to this change. Details of employee-customer interactions also provided an insight about the change of employee attitudes and practices in the same period.

First, customer sentiments data was extracted from publicly available internet sources such as Sears’s web site, and product/company reviews in social media using GetSentimentValue excel function. 1,586 reviews from customers of Sears were collected. Each cell in the excel file contains totality of the customer’s review as text (text customer entry), sometimes couple of sentences sometimes paragraphs.

Then, text of each sentiment was machine coded between -5(for negative sentiments) and +5 (for positive sentiments). Scores from -5 up to -1 were coded as red indicating strong negative sentiments of the text. Scores between -1 and +1 were coded as yellow showing mild sentiments skewed towards negative or positive. And scores greater than +1 were coded green for strong positive sentiments in Semantria software (Semantria.com 2015), which is a machine-based sentiment scoring software introduced by Lexalytics.

As Lexalytics described in their white paper, each sentence in the overall document (or text customer entry) “comes back with a hit count. These hit counts from are combined using mathematical operation called “log odds ratio” to determine the score for a given phrase” (Sentiment Extraction, 2018, p.5). Then the overall customer entry score was machine calculated based on an algorithm called “lexical chaining”. These overall results of average red, yellow and green sentiments are reported in Table 1.
Finally, authors used Semantria for Excel to create popular themes, theme counts, and top categories with negative, neutral, and positive sentiments that were shown in figures.

The use of this analysis tool alerted the researchers the existence of service failures in the five dimensions suggested by the original SERVQUAL measurement (Parasuraman et. al. 1985). SERVQUAL was heavily studied and shortened since then (Parasuraman et. al. 1988, 2002) however, we were surprised to find voluntary referrals to all five dimensions in customer sentiments. This finding will be briefly addressed in the conclusions and future research session.

RESULTS AND DISCUSSION

Sears Holdings, a retail store that for so long provided all goods to everyone, is much different today compared to the beginning of 20\textsuperscript{th} century. The retail goliath has had an impact on almost anyone who shops at a retail store. The problems associated with the modern collapse of Sears are evidence of the company’s misstep from its mission statement, which says, “To grow our business by providing quality products...at a great price when and where our customers want them, and by building positive, lasting relationships with our customers (Sears Holdings, 2018).” The results established by this study expose customer frustration with Sears, and the lack of action on Sears’ behalf to address these frustrations.

TABLE 1 – CUSTOMER SENTIMENT ANALYSIS

<table>
<thead>
<tr>
<th>Year</th>
<th>Average of Red Scores (-4 to -1)</th>
<th>Average of Yellow Scores (-1 to +1)</th>
<th>Average of Green Scores (+1 to +4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>-1.79</td>
<td>-0.15</td>
<td>1.70</td>
</tr>
<tr>
<td>2013</td>
<td>-2.34</td>
<td>-0.67</td>
<td>0.79</td>
</tr>
<tr>
<td>2014</td>
<td>-2.23</td>
<td>-0.52</td>
<td>1.36</td>
</tr>
<tr>
<td>2015</td>
<td>-1.98</td>
<td>-0.22</td>
<td>2.08</td>
</tr>
</tbody>
</table>

TABLE 2 – CUSTOMER SENTIMENTS CATEGORIZED

<table>
<thead>
<tr>
<th>Year</th>
<th>Sample size</th>
<th>% of Red Scores</th>
<th>% of Yellow Scores</th>
<th>% of Green Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>224</td>
<td>17.41</td>
<td>71.88</td>
<td>10.71</td>
</tr>
<tr>
<td>2013</td>
<td>192</td>
<td>11.98</td>
<td>68.75</td>
<td>19.21</td>
</tr>
<tr>
<td>2014</td>
<td>327</td>
<td>9.17</td>
<td>76.76</td>
<td>14.01</td>
</tr>
<tr>
<td>2015</td>
<td>843</td>
<td>19.57</td>
<td>74.85</td>
<td>5.58</td>
</tr>
</tbody>
</table>

Table 1 showed very strong negative sentiments in the critical years. Scores in 2013 was the highest in strong negative and lowest in strong positive area. The mild sentiments (Yellow region) always skewed towards the negative side, indicating consistently dissatisfied customers. Table 2 showed that the amount of reviews boomed in 2015, these were mainly negative sentiments with only 5.58% were positive sentiments. The further analysis in the following figures indicated top categories and frequently mentioned themes.
In the year 2012, Sears failed customers in several areas; one area with reoccurring issues is service. There were complaints about Sears’ service department, specifically with service calls, contracts, center, and customer service agents. Customer sentiments revealed that customers had awful customer service experiences with Sears’ employees.

Sears was known for their regularly ran promotional discounts, but it was always in the best interest of the company offering the coupon to follow up on that promise. In this example, an individual purchased a changing table online and was expecting free shipping as was stated on the company website. Instead, this customer had to pay seventy dollars in shipping charges. This customer stated his/her purchase intentions for future clearly.

05-21-2012: “…Customer service was not helpful. I won't get sucked in by Sears again. This has been twice and they refuse to let me speak to a supervisor, very disappointing service (or lack of).”

A customer purchased a Craftsman garage door opener, and upon completion of connecting of the remote to the hardware was informed through the internet that the remote access was only good for a one-year trial and that there would be an annual fee that would occur after that. There was no prior information given that expressed this.

12-04-2012: “…there was no indication on the television advertisement or the website, let alone any literature accompanying the product.”

Another area of failure was identified in lack of proper solutions to issues with recalled products. A recalled product falls at the feet of the company that manufactured or sold the product, therefore that company should be the one providing a resolution to the customers’ problem. The product involved with this issue is one of Sears’ private label brands, Kenmore. As previously mentioned, a private label product is manufactured by a third-party company and sold in a retailer’s store exclusively under that store’s name. Issues with these products should immediately be addressed, seeing that this is a specialty item unable to be bought elsewhere.

The issue is that a $250 Kenmore dehumidifier purchased by a Sears’ customer was recalled, Sears failed to provide an adequate answer to the problem with their private label brand product.
1-05-2012: “...Sears is offering us $100 + a $25 gift card = $125. In order to replace this unit, it will cost us around $250... This is totally unfair and bogus...”

Customers expressed their disappointment with customer service agents, some even threatening legal action. This is understandable for a customer, who was expecting an expensive item, for which they had already been charged for.

This customer ordered a laptop from Sears online, after paying for it and not receiving the customer decided to reach out to Sears. The customer was told that the order did not exist, but the charge on the customer’s account did exist.

11-18-2012: “…After a few more frustrating phone calls, I said I would involve my lawyer. They said go ahead, we have lawyers too. No wonder Kmart owns them!”

FIGURE 2 – CUSTOMER SENTIMENTS IN 2013 (N= 192)

In 2013, many of the same problems from 2012 continued to plague Sears. A major issue seen in customer sentiments from this specific year was the failure of service appointments. Sears would set a period in which a service man or woman would arrive and not fulfill their promise.

In this example, dryer maintenance was requested at a customer’s home but a technician failed to show up ever after two scheduled appointments. The customer had directed Sears to call her husband’s phone regarding this issue because he would be the one available at home.

“...I was assured both times that the technician would call him. Our house was called on both occasions. I was told that they called my house three times. I checked my caller ID and I only had one call at the house. Zero calls on my husband's cell phone.”

A warranty is placed on items of high value throughout most retail stores, and that product is replaced if the product does not perform for the duration of the warranty. Sears’ lawn and garden center houses several expensive items, and customers, rightfully so, expect them to be worth the price on the sticker.
A lawn mower bought at Sears broke one year into its two-year warranty, which prompted the customer to call Sears service center. The customer was promised that the issue would be fixed and to expect a call within two days.

06-06-2013: “…No phone call happened. I called again, and after being passed from person to person, and an hour later - was told they would not be honoring the warranty. I was blatantly lied to… I don't want anyone else have to go through this. Avoid Sears at all costs. There are so many options, buy from someone who values your business and your time.”

A customer’s hot water heater failed under warranty and was informed that it would be repaired for no charge. Following this though the customer was told something different.

11-09-2013: “…we received a phone call saying if we didn't pay $136.00 upfront, no technician would be sent out. Then when the repairman arrived (after we paid), he said we owed another $80. So Sears warranty is a scam. Do not purchase Sears warranties…”

Shipping issues frustrate consumers no matter what business one operates in, but a customer should at least have the security of knowing that their package will arrive undamaged. A product of high value should be handled with extreme caution, because this item is likely very important to the customer. While it is hard to regulate the level of caution in which freight is handled, it is imperative that a company provides solutions for mistakes made while their hands were on the product.

A customer’s watch was supposedly damaged in shipping after getting the watch sized and having it sent away for two weeks of maintenance. It ended up taking four weeks and with missing crystals.

“…they "couldn’t do anything about it" and I’d have to wait 4 more weeks to have it fixed. As this was supposed to be a Christmas gift, it was not really possible. I had to return it, buy a more expensive one and bring it to a real jewelry store. The worst customer service I’ve ever experienced…”
Appointment times caused issues in 2014 for Sears, these problems revolve around the difficulty of Sears’ inability to be flexible to the customer’s schedule. Sears’ resiliency to be flexible seems to be acceptable to customers so long as they are there in the specific window that was set, but Sears would not show in these specific times.

A repair for a dryer was scheduled by a customer on a specific day, within a set time window. After the technician never showed up the customer called Sears.

“…I called after the time window had passed and was told that they were going to have to reschedule to 7 days later (first available). I ended up finding another company to provide service.”

An ordered appliance from Sears was supposed to deliver on 12/20/2014 from 5:15 pm to 7:15 pm, but after no one arrived the customer called Sears customer service.

12-20-2014: “…They told me they were running behind. At 8:00 I called again and they said I was job 18 and they were on job 17 and that a manager would call me. Nobody called. 9:15 I called a third time. They told me that the truck broke down and they would have to deliver it on 12/23/2014. I called at 8:30 am on 12/23/2014 and they said “no,” it was going to be delivered on 12/24/2014.”

Contract issues with the handover of a warranty from seller to buyer caused this Sears’ customer headaches. While it is acceptable for Sears to follow policy, they should be honest with customers as they were not with the homebuyer in this example.

Windows from Sears were installed at a home being sold. Prior to the closing on the home, the individual buying the home called Sears to see if the warranty would extend to a new homeowner. Sears did not provide this customer with the stipulations though.

“…I called today to get the work done. They said since I don’t have the paperwork from the installation they would not work on the windows or even PUT IN A WORK ORDER TO SERVICE THEM!!!!!!!!”
A great company should be able to admit its own faults and realize where it comes up short. If it is not going to be able to deliver a promise, it should not promise to do so.

In Greenville, North Carolina, a customer ordered pajamas from Sears online and was expecting delivery on 12/24. The pajamas never arrived and instead the customer received a refund check with no explanation of why the pajamas had not delivered.

“…Instead of lying to customers and saying it was shipped, we could have found an alternative for the pajamas we “thought” were shipped to us. The refund check was dated 12/22 so Sears knew ahead of time that they couldn't fulfill the order... Will never get anything at Sears again.”

Phone calls was one of the major categories that encompassed many Sears’ customers problems in 2015, a significant proportion stemming from poor service calls. Over promising and under delivering coupled with ineffective communication between Sears and delivery agents mixed to form disastrous experiences for customers.

A customer purchased a dishwasher and a salesperson promised to deliver no later than Monday. There was confusion however when the customer received a message the following day that the product would not deliver until Thursday. The customer inquired about the mix up.

“…Call the department responsible for delivery/installation and was informed that "Salesman" were not allowed to give delivery dates. Who's telling the truth?...”

In Valencia, California, a scheduled delivery date that was set six weeks in advance was needing to be changed to two days prior to scheduled. Sears did not accommodate the customer.

“…When I called Sears, I was told it is impossible to ever change a delivery date to be an earlier date, regardless of how far in the future original delivery was scheduled for. In other words, if I had scheduled delivery for 2 years from now, it would be impossible to change the date to be 1 year from now!”
A failure to give the customer a delivery notification that was supposed to be made 30 minutes in advance of arrival, the delivery company arrived when the customer was not home. The customer had to reach out to the delivery service used by Sears.

10-17-2015: “…the rep informed me that the delivery service was done for the day and they could reschedule me for two days later. I ended up canceling my order and taking my business elsewhere.”

A faulty product that causes damage to a customer’s home should be addressed immediately by the company from which said faulty product was bought. This only logical solution can be given to ensure that the customer returns to purchase more items.

A Sears’ private label brand refrigerator was bought by this customer. A leaky Kenmore refrigerator ice maker caused water to spill out onto the floor, which will cause floor damage if not repaired in due time. The customer requested an emergency repair date, which Sears set three weeks from now. It is imperative that Sears generates solutions to issues with their private label brands because, “customers make selection of products based on anticipated satisfaction with that product” (Vahie, Paswan, 2006).

 “…Floor will be damaged in that time. I cannot repair icemaker or move the refrigerator to turn water off. This is not acceptable I do not recommend this repair service. I did not realize the lack of integrity of this once superb business.”

CONCLUSION

The consumer sentiments and reviews indicated that Sears significantly and rapidly lost its appeal to customers in this period. The 1998 recovery plan placed new priorities for the company that included score-business growth, customer focus, cost reduction, responsiveness to local markets, and cultural renewal; but all seemed to be absent upon examination of the customer sentiments by 2015. When researchers went through the customers’ write ups, responsiveness, reliability, assurance, empathy, tangibility etc. issues appeared over and over again. This made us to revisit service gaps model and determinants of service quality (Parasuraman, Zeithaml, and Berry, 1985) that may shed some light on the customer sentiments analysis.

According to these authors, the gap between expected service quality and perceived actual service quality is a function of four different gaps in the service. The first gap stems from the lack of understanding of features that a service must have in order to meet customer expectations as well as the level of performance in these key features. This gap is the difference between management perceptions of customer expectations and actual customer expectations. The second gap happens when top managers set actual specifications based on what they perceived as customer expectations, but they fail to deliver because of lack of means or lack of management commitment to service delivery to specifications. The third gap is due to the variability of employee performance. Regardless of how close set specifications are to customer perceptions, the actual service delivery lacks even in terms of the company specified process and procedures. The last gap is the result of overpromising of the service in company to customer communications.
It is important to point out the timeline in which the customer sentiments were collected. Sears announced in December of 2011 that it would soon close over one-hundred full-line stores, marking the beginning of store closures. The sentiments collected over the next four years provide an accurate consumer perspective due to the recentness of events.

In 2012, the primary emerging theme seen was delivery problems in relation to the service department. A secondary theme that emerged from the data was issues with Sears’ products following a recall. Another emerging issue was the miscommunication among Sears internally regarding advertised sales and discounts, and then opting not to honor those sales when a customer made a purchase. All of these issues indicate that gaps 3 and 4 were widening. Customers still try to reach, communicate and resolve these issues in good faith. Sears still had some positive sentiments on sales associates, free delivery, repair technician, following week delivery activities.

In 2013, a large portion of complications continued to come from Sears’ service department, but more specifically regarding delivery appointments. Not honoring warranty, asking for unexplainable fees, failing to show up on appointments multiple times, damaging and losing items in delivery, and lying all about these showed that gap 3 was getting worse. There were only a few positive sentiments in Figure 2. Customers clearly indicating that they were ready to take their “business” somewhere else. This is the year when Sears sold its $30 billion credit portfolio to Citibank. (Meyer 2017)

Voluntary reviews on Sears almost doubled up in 2014. Sentiments presented lingering service problems, with most issues happening due to unmet appointment times. As frequently seen while reviewing the customer sentiments, there is blatant and ineffective communication between the customer, Sears’ representative, and delivery agent. Ultimately, this miscommunication falls at the feet of Sears because they are the party that has sold the product, collected money, and promised delivery. Positive comments almost disappeared except internet and electronics (Figure 3). Communications and business were big negatives as one customer wrote, “I will never get anything at Sears again”. Sears spun off Land’s End brand this year (Meyer 2017).

For the year of 2015, a significant fraction of complaints was regarding phone calls. It seemed that customers spent incredible amount of time on the phone with Sears’s employees. Other themes seemed to stem and emerge from complications customers faced while on the phone. There were Sears’ customer service representatives that, according to the customer, were not truthful, as well as Sears’ ineptitude to be flexible around delivery times. The shortcomings just noted revealed that Sears’ problems with customers are rooted internally. Overpromising, underdelivery, ineffective communications among Sears’s employees and delivery agents made especially the gaps 3 and 4 even wider. This was the year Sears executed major store closures and sales to raise $2.7 billion. These actions turned the remaining stores barren and looked like old relics. (Meyer 2017)

Store closures starting 2011 was mostly due to lack of customer loyalty in the beginning; however, customers seemed to turn hostile in the 2012-2015 period. Customer sentiments provided evidence about the existence of gaps 3 and 4. It was not possible to evaluate Sears managers’ perceptions of customer expectations, and how these perceptions influence setting of service specifications from sentiments data. However, they implied a lack of management commitment to service
delivery (gap 2). In addition, lack of official reply to sentiments might mean that there was a lack of understanding of what level of performance in key specifications were necessary for high quality performance (gap1).

We also see which determinants of service quality failed from the sentiments. Parasuraman et.al. (1985) suggested ten determinants namely, reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding customer, and tangibles. Later, they reduced the dimensions to five (reliability, responsiveness, assurance, empathy and tangibles) in their SERVQUAL instrument (Parasuraman et.al. 1988). However, consumer sentiments provided evidence of ten determinants in action. First reliability, the consistency of performance and dependability was breached in 2012. The deterioration in responsiveness, willingness or readiness of employees to provide a timely service, in four years was significant. Employees tried to hide their lack of competence by lying to customers. Access to delivery service (i.e. approachability and ease of contact) become almost impossible towards 2014-15. Courtesy (respect and consideration of customer) and communication (keeping customers informed) were poor as can be seen from the customer quotes. Security, freedom from doubt, risk or danger, did not exist for the customer who could not have warranty or maintenance for the newly installed windows. As such, when all determinants of Sears’s service quality failed so significantly, the tangibles (physical evidence of service) might become less important to mention in the customer sentiments.

When we randomly checked significantly negative sentiments, we recognized that the tone of customer sentiments turned from pleading to hostile during the period of 2012 to 2015. It not common that employees of a reputable firm openly and repeatedly lie to their customers without retribution. Sears might lost its grip and reputation among employees. There was no evidence of investment to employees during the store closure periods, furthermore internal marketing between employees and company headquarters were not working. Unhappy employees might have created a negative work environment, bringing other employees down as time advanced. The progression of frustration within the workplace, as referenced in this study, then affected the quality of work being performed and ultimately was taken out on the customer. An internal culture that failed to place customers first reigned within Sears, from the top to the deliverymen. The poor provision of service to consumers has proven to have the larger effect on the one-stop retail giant, than the products within the aisles.

This research was based on consumer sentiments for one company, but could be conducted to cover multiple companies. Similar research produced in the future could encompass top ten retailers in the United States and top ten retailers worldwide. Comparison European retailers against United States retailers is a possible future avenue. European retailers would likely produce a much different consumer sentiment scores due to the limited contact approach that is taken by European retailers.

The longitudinal study of customers’ sentiments of Sears inspired us to analyze the sentiments with different methods. Reorganizing sentiments around the dimensions of SERVQUAL and gap analysis for each individual year may allow us to see employee-customer interactions much better. This study is valuable revealing certain customer sentiment patterns and company actions.
REFERENCES


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**Acknowledgements**

The authors of this paper acknowledge the help of Jerry Dakota Lowhorn in the data collection process.