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Capacity to Provide Retail Services of Small and Medium-sized Enterprises in the Leather and Footwear Industry in Thanh Hoa Province in Vietnam

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Abstract

Service delivery capacity is a topic that has attracted many research scholars around the world. Service provision capacity plays an important role in helping businesses create certain competitive advantages in the market. In this study, through synthesizing a number of previous research theories, the author systematizes the theoretical basis of service provision capacity in general and the service provision capacity of businesses. Footwear retail industry in particular. From these theoretical foundations. By directly surveying 76 small and medium-sized enterprises in the thick leather industry in Thanh Hoa province in Vietnam, the research has shown that factors affecting the development of individual customers' loan activities include:

Capacity Capacity to research and identify customer needs, capacity to build and develop service packages suitable to customer needs, capacity to manage the service delivery process, capacity to manage sales and supply personnel. Service response, capacity to measure and evaluate service delivery results. Based on this data source, the study provides assessment results and the level of influence of the factors that constitute the capacity to provide retail services of small and medium-sized enterprises in the leather industry operating in the area Thanh Hoa province in Vietnam and thereby propose solutions to improve the service provision capacity of these businesses in the coming time.

Keywords: Service Provision, Service Provision Capacity, Leather and Footwear Industry

1. Introduction

Like other business sectors, small and medium scale comes with financial weaknesses that will make it difficult for retail businesses to cope with rapidly changing market trends. Consumers have countless choices and they are only satisfied when they choose a suitable product in the service conditions that they feel most satisfied with. Therefore, with opportunities and challenges always going hand in hand, to compete and survive, small and medium-sized businesses in retail are forced to rely largely on services provided to customers. This makes service delivery capacity a key factor in promoting sales and enhancing the position of small and medium-sized enterprises in retail. Small and medium-sized enterprises need to pay attention to research on the capacity to provide retail services because currently, market changes and the 4.0 technology revolution have strongly affected their service provision activities. Businesses. Many small and medium-sized retail businesses have been confused and have not had time to adapt, but the important reason is that there is no orientation to improve service delivery capacity, thereby improving the quality of services provided to customers to create gain a competitive advantage for yourself. Within the scope of this article on the factors that constitute the capacity to provide retail leather and footwear services of small and medium-sized enterprises in Thanh Hoa province in Vietnam, the number of direct studies is quite limited. Most of the documents found refer to one aspect of research such as research on service delivery capacity, small and medium-sized enterprises or footwear retail without any connection between them.

2. Research overview

Service provision capacity

Service delivery capacity is the ability to create and exploit a business's resources to provide more effective services to satisfy customer needs. The service provision capacity of an enterprise is the ability and available resources of the enterprise to provide the necessary goods and services to meet customer needs. In other words, the service provision capacity of an enterprise is the combination of resources and capabilities to serve and satisfy customers in choosing to buy goods in order to

maintain and develop market share, profits and sales. Achieve the identified goals. "The service provision capacity of an enterprise demonstrates the enterprise's strength and advantages in satisfying customer needs to gain increasing benefits for the enterprise." The service provision capacity of an enterprise is composed of many factors with different characteristics. For example, there are factors that act as sources, core factors, manifestation factors, etc. that create capacity for businesses in the market.

Thus, compiled from the research of a number of authors, for the retail sector, service provision capacity is defined as the ability to create and exploit a business's resources to provide value, aim for more effective services to satisfy customers' retail service needs and achieve the business's strategic business goals. Service delivery capacity is very important because it directly affects a business's ability to

meet market requirements and business goals. Resources and capabilities must be continuously reinforced to maintain the competitiveness of the business and may need to be expanded to allow the business to position itself to pursue new opportunities in the market. A business's resources and capabilities can reduce its competitiveness unless they are constantly renewed, adjusted or even eliminated or replaced in response to changes taking place in the market over time. Company strategy. The challenge of managing a firm's resources and capabilities in an agile way has two elements: (1) engaging in continuous modification of existing competitive assets (2) paying attention to opportunity to develop capabilities.

Factors constituting the capacity to provide retail services of an enterprise

Table 1: Theoretical basis of factors constituting capacity to provide retail services

Number	Constitutive elements	Theoretical basis
1	Ability to establish vision and plan retail strategies	According to the 'resources are the basis of unique value creation strategies and competitive advantage' perspective of (Collis and Montgomery, 1995, 1998; Porter, 1996, Prahalad and Hamel, 1990) and the resource perspective in business by Thompson <i>et al</i> (2015) [4]. Compiled from research by authors Sanchez and Heene (1996), Lai <i>et al.</i> , (2010), Mai Thanh Lan (2012) on capacity and supply capacity service. According to the perspective of dynamic capabilities of Leonard-Barton (1992), Teece <i>et al</i> (1997) [3] and Eisenhardt <i>et al</i> (2000).
2	Ability to research and identify customer needs	According to the capacity management perspective of Sanchez and Heene (1996); According to the open perspective on the Service Delivery System of Fitzsimmons and Fitzsimmons (2011), service products and service processes are formed. comes from customer needs; According to research on customer buying behavior by Mothersbaugh and Hawkins (2016)
3	Ability to build and develop service packages suitable to customer needs	According to an open perspective on the service delivery system and service packages of Fitzsimmons and Fitzsimmons (2011) According to Muralia <i>et al</i> (2016) According to Lai <i>et al.</i> , (2010)
4	Capacity to design service delivery processes	According to Muralia <i>et al</i> (2016) According to Pan and Nguyen (2015) According to an open perspective on the service delivery system and service packages of Fitzsimmons and Fitzsimmons (2011) According to Nguyen Thi Nguyen Hong (2014) [7]
5	Ability to manage sales personnel and provide services	According to the open perspective on Service Delivery Systems and Service Packages by Fitzsimmons and Fitzsimmons (2011) According to Lai <i>et al.</i> , (2010) According to Nguyen Thi Nguyen Hong (2014) [7]
6	Ability to measure and evaluate service delivery results	In the view of Johnston and Clark (2005) According to studies by Keh, Nguyen & Ng (2007), Luo (2010), Vu M. Khuong & Haughton (2004) [5] According to Do Thi Ngoc (2017)

Source: Pan, J., Nguyen, H., 2015 [1]

To be able to build a service delivery system, retail businesses need to ensure the elements that constitute Service Delivery Capacity. Besides, some studies have proposed some criteria to evaluate the capacity of enterprises such as: Dynamic capacity sources; position of the business; financial (sales, profits, market share) and non-financial performance of the enterprise; product and service quality; market share; prices of products and services. Additionally, in today's competitive market to increase customer satisfaction and loyalty, businesses should focus more on developing and innovating services that come with products, strengthening communicate and maintain long-term relationships with customers because the quality of accompanying services plays a decisive role in affirming the product's position compared to similar products of competitors. Using the SERVQUAL model to evaluate the relationship between after-sales service quality and

customer satisfaction shows that businesses whose after-sales services are highly appreciated by customers often have satisfaction. Customer satisfaction and loyalty. Thus, it can be seen that although the approaches are different, most authors believe that the capacity of an enterprise can be evaluated around criteria such as: Market share of supply in the market, profit and profit margin, labor productivity, management level, brand and reputation of the enterprise, assets of the enterprise, especially intangible assets, employee skills, research and creative ability, product price,... These factors give businesses a competitive advantage, that is, they help businesses carry out activities with higher efficiency than competitors, creating value. To customers based on differentiation in elements of quality. Studies also show that the impact of price on customer satisfaction depends on the characteristics of the customer and the customer's expectations for the product.

3. Current status of service provision capacity in the leather and footwear industry in Thanh Hoa province, Vietnam

Ability to research and identify customer needs

To effectively penetrate the market, garment retail businesses need to promote market research, develop brands for businesses and products, and diversify distribution channels to promote consumption. Products and good service for all customers. Researching and identifying customer needs is a very important step in the retail activities of small and medium-sized businesses to promote sales. Taking a deeper look at how small and medium-sized businesses that sell leather and footwear products research customer needs, it can be seen that most of them identify customer needs through viewing trends on the internet. Synthesizing customer reactions, fashion trends, competitors' service delivery methods... businesses

determine their customer needs to offer appropriate service packages.

Table 2: Frequency of researching customer needs of small and medium-sized enterprises retailing leather and footwear products

Targets	Not done	Less often	Neutral	Quite often	Very often
Customer need	12.5%	39.0%	30.9%	12.0%	5.2%

Source: Author's compilation, 2023

According to the survey, only 5.2% of businesses questioned regularly organize customer needs research. The majority answered less often (39%). Even up to 12.9% of businesses do not conduct research on customer needs. 30.9% do not know how to do it. It can be seen that research and identification of customer needs of small and medium-sized enterprises that retail garments have not been given due attention.

Table 3: Form and content of customer needs of small and medium-sized enterprises retailing leather and footwear products

Targets	Direct customer survey	See trends on the internet	Observe customer behavior at the store	Analyze customer behavior	Analyze customer wishes	Analyze customer emotions
Content and form	32.1%	67.9%	44.1%	67.9%	61.0%	40.1%

Source: Author's compilation, 2023

Direct surveys only account for 32.1%, but through observing customer behavior at the store including customer choices, customer feedback when shopping... to identify needs. The majority Small and medium-sized businesses recognize customer needs and focus on analyzing customer behavior when observed in stores or on the internet. They believe that analyzing customer behavior is the most important to determine what kind of service package is needed. The lowest is customer sentiment analysis (accounting for 40.1%) because this is a difficult thing. Businesses themselves do not pay much attention to customer emotions and believe that this factor does not represent customer needs. In fact, this is a limitation of businesses. The above results also show that businesses can combine many different forms of identifying customer needs, not just use one form. It can be seen that small and medium-sized enterprises choose the form of needs recognition that is flexible and costs the least possible. They do not spend money to conduct professional customer needs research but rely entirely on intuition. This can be explained because the financial potential of small and medium-sized enterprises retailing leather and footwear products is not large and they do not invest much in activities other than necessary inputs.

positive answer. Many businesses cannot clearly determine whether the service package they build and provide is truly complete or not.

Table 4: Level of service package development and level of service package adjustment and development

Targets	Level
Absolutely do not build service packages	4.9%
Neutral	36.1%
Service packages are less complete	12.9%
The service package is quite complete	28.9%
Full-service package	17.2%
Do not adjust service packages	10.9%
Neutralize service package adjustments	26.9%
Fewer service package adjustments	18.1%
Periodically adjust the service package	26.1%
Regularly adjust service packages	18.1%

Source: Author's compilation, 2023

18.1% said they regularly adjusted service packages to suit customer needs. The business has noticed a positive difference after each customer's service and shopping experience.

There are 26.1% who believe that there are periodic adjustments, but also 10.9% who affirm that they do not adjust the service package and 18.1% who say that there are very few adjustments according to customer needs. Normally, if businesses are interested in building and developing service packages, it will also help increase their capacity to provide retail leather and footwear services. But service packages are not fixed but will be changed according to changing trends in customer tastes and needs. The more the economy develops, the more demanding leather and footwear retail service packages become in terms of all components.

Capacity to manage the service delivery process

Businesses that are constantly interested in perfecting the service delivery process will improve their capacity to provide retail services. Survey results measuring the level of

Ability to build and develop service packages suitable to customer needs

Small and medium-sized businesses have been interested in building garment retail service packages to supply to customers. However, the level of service package construction is different. Through the survey, it can be seen that 4.9% of businesses questioned did not pay attention to building a full-service package consisting of 5 elements: Goods, support facilities, information, current services and services. Hidden case. Providing services to customers is completely spontaneous and does not have a "formal" plan. But up to 28.9% think that the service package is built quite fully in small and medium-sized businesses that retail leather and footwear goods. 17.2% affirmed that the service package was very complete and 36.1% did not give a

regular completion of the leather and footwear retail service provision process of small and medium-sized enterprises:

Table 5: Investment in modern equipment to provide services

Targets	Disagree	Little agrees	Neutral	Quite agree	Agree
Invest in modern equipment	12.0%	24.1%	26.1%	30.9%	6.9%

Source: Author's compilation, 2023

With their own limitations, especially financial, small and medium-sized businesses that retail leather and footwear have a lower assessment of investing in modern equipment to provide services to customers. 12% of businesses have not invested properly in modern equipment to provide services, 24.1% rarely agree. However, up to 30.9% of businesses surveyed are very knowledgeable about exploiting information technology to reach customers and provide good services via the internet.

Table 6: Diversification of service offerings and the fact that businesses always aim at customer satisfaction

Targets	Disagree	Little agrees	Neutral	Quite agree	Agree
Diversify supply services	6.9%	26.9%	25.5%	28.1%	12.6%
Set the goal as customer satisfaction	4.0%	10.0%	24.9%	38.1%	22.9%

Source: Author's compilation, 2023

Table 7: Developing service quality criteria and regularly training to improve the qualifications of sales and service provision staff

Targets	Disagree	Little agrees	Neutral	Quite agree	Agree
Develop service quality criteria	8.0%	28.1%	24.1%	20.9%	18.9%
Training to improve sales staff qualifications	8.9%	27.8%	20.9%	24.9%	17.5%

Source: Author's compilation, 2023

According to the survey, 18.91% of businesses participating in the survey always set criteria for service quality to adjust the behavior of sales personnel and service providers accordingly. The number of businesses that strongly agree with the statement is 20.9%, but the number of businesses that somewhat agree is quite high at 28.1% and disagree is 8%. Not all small and medium-sized enterprises are interested in regularly training to improve the qualifications of sales and service provision staff. Small retail stores hire employees easily and have simple requirements. In some small and medium-sized enterprises, employees are only instructed on providing retail services in accordance with the business's goals in the first days of their employment. After that, they will provide the service themselves according to their perception. If any problem occurs, we must review and learn from it. 17.48% of survey participants think that businesses regularly train to improve their employees' qualifications, 24.9% strongly agree, but 27.8% somewhat agree and 8.9% strongly agree. % disagree, employees are only instructed on providing retail services in accordance with the business's goals in the first days of their employment. After that, they will provide the service themselves according to their perception. If any problem occurs, we must review and learn from it. 17.48% of survey participants think that businesses regularly train to improve their employees' qualifications, 24.9% strongly agree, but 27.8% somewhat agree and 8.9% strongly agree. %

In fact, small and medium-sized businesses also try to attract customers by providing services that satisfy customers. Therefore, the survey results of businesses always trying to satisfy customers show: 22.9% affirmed that small and medium-sized businesses always put customer satisfaction first. 38.1% strongly agree that this is the goal that small and medium-sized businesses that retail leather and footwear products think about when providing services, only 10% slightly agree and 4% disagree. It can be seen that small and medium-sized businesses have to compete with customer satisfaction, so they always set this goal high and for that reason, they must try to perfect the process of providing retail services. The diversification of supply services also helps small and medium-sized enterprises that retail leather and footwear products to improve their service provision capacity. According to the survey, 6.9% said that small and medium-sized enterprises have diversified their service offerings. There are 26.9% disagreeing with the statement. The level of agreement with the statement is quite high with 28.1% quite agree and 12.6% completely agree. It can be seen that the ability to manage the service provision process is evaluated not too high but not too low because businesses also try to best serve customers, however financial conditions are a factor. In difficulties to effectively manage the service delivery process.

Ability to manage sales personnel and provide services

disagree.

Ability to measure and evaluate service delivery results

Small and medium-sized businesses that retail leather and footwear products also pay little attention to measuring and evaluating service delivery results. They often simply quantify service delivery through customer complaints. Most businesses do not have a standard system to evaluate service delivery results, but only look at problems encountered in the sales and service provision process.

Table 8: Measuring and evaluating service delivery results

Targets	Disagree	Little agrees	Neutral	Quite agree	Agree
Measure and evaluate service delivery results	12.9%	24.1%	26.1%	22.1%	18.9%

Source: Author's compilation, 2023

About 13% of businesses surveyed did not regularly evaluate service delivery results, 24.1% somewhat agreed, 22.1% somewhat agreed and only 14.9% agreed with this problem. This shows that small and medium-sized businesses that retail leather and footwear products do not have much awareness about the need to measure and evaluate service delivery results. Therefore, the service provision capacity is not yet high and methodically completed.

4. Solutions to improve service provision capacity at small and medium-sized enterprises in Thanh Hoa province, Vietnam

Firstly, improve the application of science and technology
Organize training courses, disseminate information and improve capacity on management and control of environmental issues at enterprises (control of energy consumption, water consumption...); Research and develop policies to support traceability, transparent value chains... in accordance with international standards.

Second, expand the business network, dominate the market in both traditional and modern distribution channels.

One of the advantages of domestic retail businesses is being close to and understanding the culture and customs of each region and locality. But in the integration period, customers' tastes and consumption preferences will not be constant, but will change continuously over time and space. Therefore, retail businesses are flexible and proactive in capturing customer tastes, it is necessary to periodically conduct surveys of customer segments to quickly and most effectively respond to people's needs. Continuously develop and expand distribution channels to serve a wide range of urban and rural customers. Expanding the domestic distribution network to enhance competitiveness and cooperation to strengthen the domestic market is considered the right and necessary direction for retail businesses.

Third, improve service delivery capacity

The source of goods is a decisive factor in the success or failure of a retail business. The quality and price of the product affect the reputation of the business, so small and medium-sized retail businesses need to continuously improve the quality of goods supply, save transportation and management costs, sale off. In addition, retail businesses should build a business image for the community, be environmentally friendly, ensure food safety, and protect the health and safety of customers and society.

5. Conclusion

Small and medium-sized enterprises retailing leather and footwear goods in Thanh Hoa province in Vietnam are quite flexible and choose their own paths. There are businesses that only focus on retailing for one brand, but there are also businesses that retail for many different brands, creating product diversity. A variety of sales forms are deployed, not just limited to traditional sales at stores. This makes service provision activities also become more quality, meeting many strict requirements of customers.

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