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BMSW5103 Understanding and Engaging in the
Customer Experience

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Task 1 Customer Relationship Management & Emerging
Themes

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Introduction

This study examines how H&M, a leading global fashion retailer, has adapted its customer relationship management (CRM) techniques in light of its ethical and sustainability objectives. Organisations which place a high value on ethics and sustainability in today's socially and environmentally associated industry will discover themselves in an ideal position to attract and retain loyal customers while differentiating themselves from their rivals. This report aims to thoroughly investigate the impact of H&M's ethical and sustainability standards on customer relationship management and make recommendations for how these regulations might be improved.

Ethical and Sustainability Policies of H&M

a) Ethical Policy

H&M, a prominent global retailer, is dedicated to reducing the social and environmental impact of its operations and supply chain. The organisation is committed to practices that promote employee well-being, ethical product procurement, and reduced environmental impact.

- **Equal wages for employees:** H&M is dedicated to maintaining a safe and welcoming work environment for all of its employees. The Fair Wage Method is used by this company to guarantee that all of its vendors compensate their workers fairly (Hazen et al., 2021). This method increases customer satisfaction by informing buyers that no form of exploitation was used in the making of their products.
- **Transparency in the supply chain:** H&M is committed to being open and honest about its sourcing practices, thus the company publishes monthly reports on its suppliers' environmental and social records. Customers gain when they are given the information, they need to make ethical purchasing decisions.
- **Responsible sourcing:** Ethical purchasing policies at H&M restrict the use of harmful ingredients and prevent the employment of harsh manufacturing methods. H&M improves the retail experience by informing buyers that their products were sourced from ethical manufacturers.
- **Vendor quality:** H&M places a premium on respect for its employees, the protection of its workers, and the preservation of the environment, and as a result, it has stringent requirements for its suppliers (Kang and Kim, 2017). Every organisation goes through regular audits and inspections to guarantee that its practices are up to par.
- **Animal welfare:** The sale of exotic animal skins, angora, and fur is prohibited per H&M policy. They are concerned about the treatment of animals used in their production process and advocate for more humane animal husbandry methods.
- **Child labor:** H&M explicitly prohibits the employment of child or forced labor in any of its operations. To guarantee that those who break the rules are held responsible, they have set up a system of oversight and accountability (Manuel et al., 2014).
- **Code of conduct:** H&M's Vendor Code of Conduct deals with different subjects, such as the freedoms of employees, the well-being of employees, and its commitment to ecology. Factors such as a minimum salary, payment for overtime, bias, and the ability to establish cooperatives are all spelt out thoroughly in the law. H&M routinely assesses its vendors to guarantee they are following the code and conducting business ethically.

Overall, the ethical actions of H&M have improved the work setting of the company by adopting a zero-tolerance policy, a responsible marketing approach & eliminating corruption so that the company could act with integrity and accomplish its long-term goals and objectives.

b) Sustainability Practices

H&M has made sustainability a core tenet of its corporate approach, enacting several policies to promote the adoption of sustainable uses across its supply chain.



Figure 1: Sustainability Practices of H&M

Source: (Javed et al., 2020)

- **Sustainable materials:** The new H&M designs contain eco-friendly fabrics including organic cotton, recycled polyester, and TENCEL™ lyocell. H&M offers customers who care about the environment a pleasant and guilt-free purchasing journey by offering a wide choice of products that are created ethically.
- **Garment Recycling:** H&M has set up a mechanism whereby buyers can recycle their old clothes at H&M locations. The campaign's objective is to inspire individuals to take action in support of environmental protection and encourage them to join the circular fashion revolution (Kaner, 2021).

- **Sustainability reporting:** H&M's Sustainability Review summarizes its accomplishments and setbacks in the area of sustainability during the year prior. H&M wants to involve its clientele in its quest for sustainability and hear their thoughts on the company's dedication to environmental stewardship and the items it offers, so it is open about its efforts.
- **Water management:** H&M understands the importance of water conservation and makes ethical choices when stocking its shelves. They're trying to cut down on water consumption all across their supply chain, raise awareness about the importance of water reuse, and fund community projects to improve access to water in arid areas.
- **Chemical management:** H&M has implemented stringent chemical management behaviours to protect the well-being of its employees and customers (Rutter et al., 2017). Stringent restrictions on the usage of specific substances have been enacted, and all of their vendors must now adhere to a Restricted Substances Schedule.
- **Conscious Collection:** H&M's Conscious Collection is comprised of garments that are produced using methods that generate less waste and fewer potentially dangerous byproducts. Because it offers an alternative to conventional retail, the brand is certain to be well-received by consumers with an interest in green goods.

Customer Experience

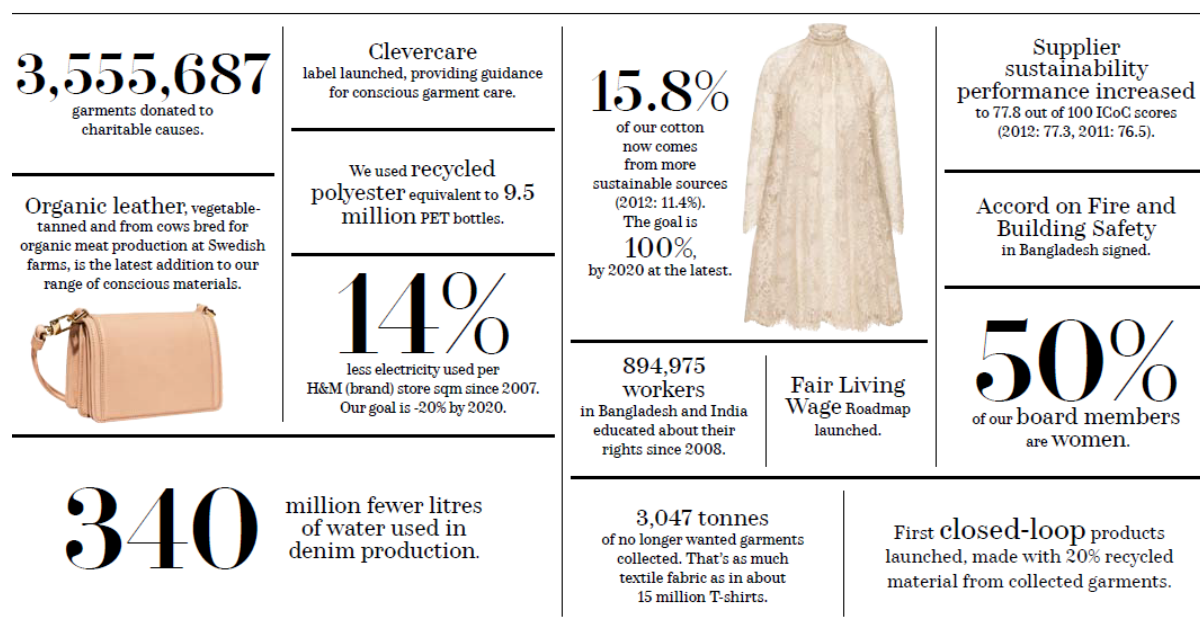


Figure 2: Ethics & Sustainability of H&M

Source: (Svensson, 2019)

Consumers with strong commitments to equitable treatment and environmental protection are more inclined to support businesses that reflect their beliefs. The company's policies towards the environment and ethics are based on the needs of its customers. As a result of H&M's transparent practises and initiative, shoppers are more informed. H&M guarantees consumers that it will never engage in exploitative work behaviours including paying below-market wages or employing anyone under the age of 18 (Shen, 2014). If shoppers had confidence that their purchases supported moral labor practises, they might be happier with their purchases.

H&M's dedication to sustainability strengthens the company's products and services. The business's endeavors to reduce waste, boost recycling, and cut greenhouse gases have been acknowledged by customers with ecological concerns. By offering consumers avenues for engagement, including garment collection initiatives and recycling options, firms may get their customers more committed to their dedication to sustainability (Chae et al., 2014). H&M displays their commitment to transparency and expansion by being publicly available to work with a variety of stakeholders. Customers who value supply chain accessibility and appreciate group efforts to solve societal and environmental problems are likely to have a favourable impression of H&M.

Overall, H&M's credibility and the happiness of its customers benefit from the company's commitment to ethics and sustainability. These regulations demonstrate the firm's commitment to doing business ethically, protecting the privileges of its employees, and preserving the natural environment (Ali et al., 2013). Buyers may purchase with assurance and happiness when they discover that their values align with H&M's moral and ecological actions. H&M's ethical and sustainability standards can enhance the buyer's interaction by supplying products that are following buyers' ideals, fostering trust, and presenting them with an opportunity to contribute to a more sustainable fashion sector.

Quality Models & Theories

The quality of services provided to customers can be enhanced by employing a variety of quality frameworks and concepts in customer relationship management. In this critical debate, three different models and concepts will be discussed to highlight how they can affect H&M's customer relationship management (CRM) initiatives.

a) SERVQUAL Model

The SERVQUAL approach is widely used to assess the quality of services. It revolves around five main notions: reliability, responsiveness, assurance, empathy, and monetary rewards (Suherman et al., 2018). H&M may employ the SERVQUAL framework to boost customer

satisfaction with its CRM by implementing the recommendations made by the model's creators.

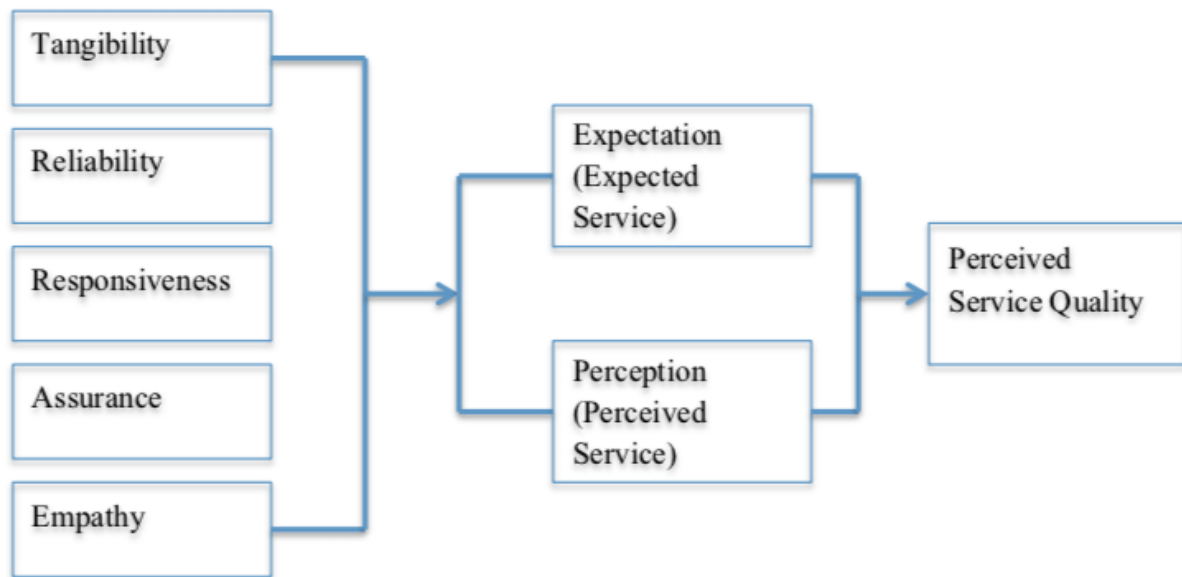


Figure 3: SERVQUAL Model

Source: (Barroso et al., 2019)

- **Tangibility:** H&M guarantees that the in-store experience, digital shop, and mobile apps all have intuitive and visually appealing graphical user interfaces. Consumer fulfilment and internal operations, such as handling client relationships, may both benefit greatly from an intuitive and aesthetically pleasing user experience.
- **Reliability:** H&M promises its customers to provide them with high-quality goods, honest explanations, prompt shipping, and dependable support at all times. Optimizing the supply chain, effectively managing inventory, and responding promptly to customer demands for service are all ways to accomplish this goal (Xu et al., 2021).
- **Responsiveness:** H&M aims to boost its speed of response when customers contact the company via various channels. Client fulfilment might be boosted via the use of effective customer services avenues such as chat rooms, email assistance, and social media adaptability, and willingness might be heightened through the use of efficient communication channels such as virtual assistants or flexible support collaborations.
- **Assurance:** Establishing and keeping up consumers' loyalty is essential. H&M might gain back client confidence by being truthful and open in all dealings with the company

(Svensson, 2019). A team that is well-prepared for responding to customers' queries and addresses their problems could generate more trust from those customers.

- **Empathy:** H&M might demonstrate empathy by adapting to their client's demands. Several instances of personalized efforts that could strengthen relationships with customers include making suggestions that fit what the consumer wants and offering discounts according to the client's degree of compassion.

b) Kano Model

Based on the Kano Approach, there are three sorts of client choices: fundamental, performance, and exciting. H&M may benefit from organizing CRM initiatives in this fashion. By analyzing those variables, H&M is capable of prioritizing CRM developments that meet consumer demands while offering an edge over its rivals. The Kano model of H&M includes:

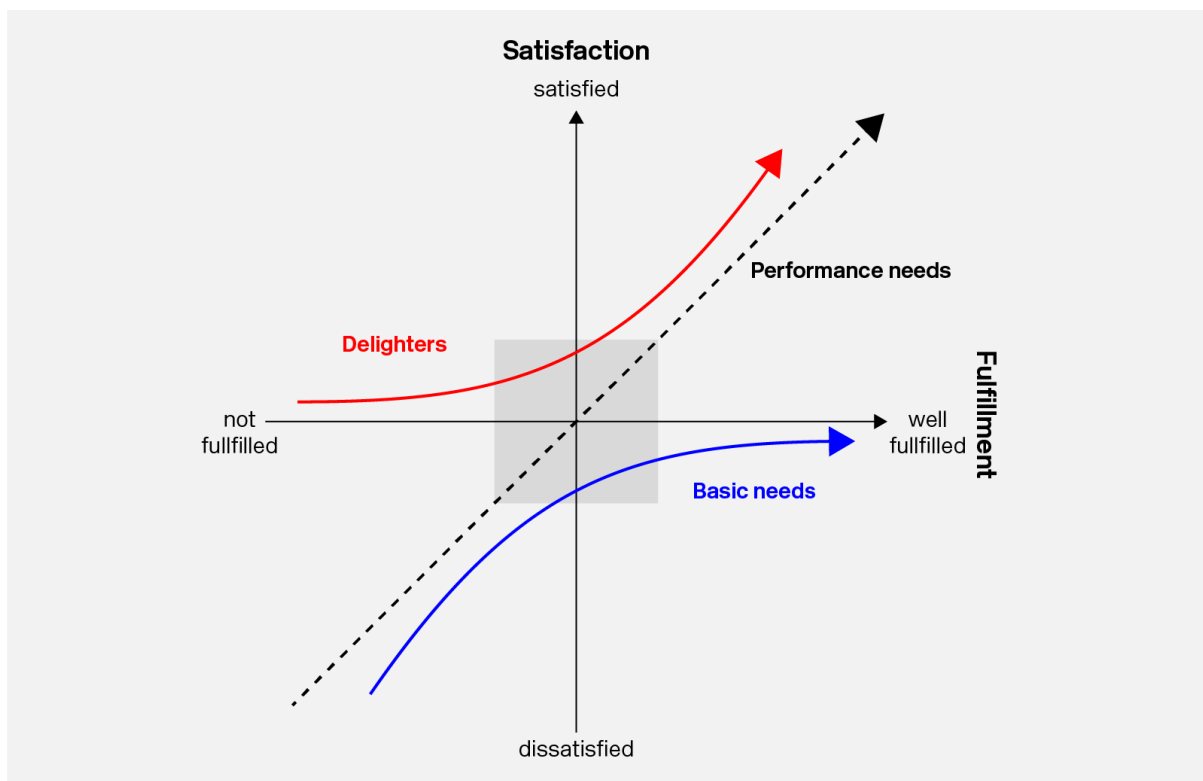


Figure 4: Kano Model

Source: (Andriani et al., 2021)

- **Basic factors:** These are the bare minimum features that could be delivered to clients. The user-friendliness of H&M's web page, shopping cart, and return processes are all examples. H&M aims to be sure that it offers the fundamentals consumers require, like readily available products, transparent pricing, and simple checkout. Clients are less

inclined to be unsatisfied if their basic needs are satisfied, and this is achieved by concentrating on those elements (Manuel et al., 2014).

- **Performance factors:** H&M might improve its CRM by emphasizing the aspects where the company might offer exceptional service. Such qualities may distinguish H&M apart from the competition and have a positive influence on customer loyalty. Delivering quick and dependable delivery alternatives, making recommendations based on previous purchases, and instituting rewards systems which recognize repeat customers are all examples.
- **Delight factors:** H&M ought to attempt joyfully to astonish its clientele by offering wholly unanticipated services, so triggering feelings of excitement while encouraging further word-of-mouth (Budiarani et al., 2021). It can occur in the kind of unique partnerships, limited-edition collections, or even simply the inclusion of user-generated content into their websites. H&M may encourage favourable word of mouth and develop relations with clients through its application of such exciting variables.

c) Customer Journey Mapping

Customer journey mapping allows organizations to obtain an in-depth comprehension of their buyers' viewpoints, emotions, and pain points by displaying and assessing every interaction throughout the customer's path with the business (Palazón et al., 2022). Customer journey modelling is a useful tool that allows businesses like H&M to strengthen their service to customers. The customer journey mapping of H&M could include:

- **Pre-purchase Phase:** H&M must concentrate its advertising campaigns on specific groups of people as well as interest areas and offer valuable content and promotions to attract and retain clients. The simplicity of use while navigating the website, comprehensive item descriptions, and consumer feedback is every component that might enhance the web-based purchase procedure and lead to a more satisfied customer (Giraldi et al., 2016).
- **Purchase Phase:** H&M aims to simplify purchasing procedures by offering price transparency, several payment options, and fewer hurdles for clients. By automating the buying process, H&M may improve customer loyalty and cut down on the abandonment of carts.
- **Post-purchase Phase:** H&M ought to actively participate with customers after they make an order by asking for feedback and providing individualized recommendations (Bamberger et al., 2019). Implementing simple return policies, order tracking structures, and post-purchase interactions would be excellent methods for H&M to show its customers they are valued.

Though such quality concepts and principles present valuable foundations to strengthen CRM, H&M must customize these strategies to meet its specific corporate demands. Tracking and assessing client contentment, feedback, and navigating upon CRM strategies are necessary to sustain a customer-centric strategy as well as developing long-term consumer relationships.

Recommendations

The following recommendations could be employed by H & M to enhance its customer relations management process:

- **Boost communication networks:** H&M must strengthen its methods of communication if it intends to enlighten its clientele about the ethics and sustainability behaviours by which it functions. Goods labels, websites, and in-store displays may all utilise extensive use of that area to draw attention to the ethical and green features of the items they sell (Hazen et al., 2021). H&M might enhance its ethical and sustainable reputation by making more of its policies and behaviours readily accessible to shoppers.
- **Include more sustainable product offerings:** H&M aims to keep developing its sustainable product selection across the board. H&M may appeal to a wider demographic of customers and prevail over more eco-conscious buyers by increasing its offering of products made with green materials and methods of manufacturing. As an outcome of this growth, the CRM will become more prepared to cater to a wider range of client requirements and preferences while simultaneously boosting the company's reputation (Kang and Kim, 2017).
 - **Customer learning & participation:** H&M would do better to allocate a portion of its fundraising efforts towards informing and amusing shoppers about its commitment to sustainable and ethical corporate procedures. Clients may acquire insight into the firm's goals and avenues in which they may borrow assistance to sustainability by taking part in meetings, workshops, or social media campaigns (Kaner, 2021). H&M may fortify its interactions with clients and attract an enthusiastic base by inviting them to participate in the company's efforts to become more ethical and environmentally conscious.
- **Continual growth & evaluation:** H&M needs to update its clientele on the advancements it is achieving in terms of ethics and sustainability frequently. It may be performed by the publication of a yearly sustainability report, periodic postings on social networking sites, or a special area of the web page (Ali et al., 2013). By revealing its successes, mistakes, and future plans to customers, H&M may acquire loyalty and indicate it is dedicated to constant growth.

By implementing the preceding recommendations, H&M could boost its customer relationship management methods and bolster its ethical and sustainable reputation, thereby drawing in and retaining a larger, more loyal customer base. With a greater commitment to client ideals and more active inclusion of principles in the firm's actions, H&M might improve its reputation as a responsible and customer-centric clothing brand.

Conclusion

Customer relationship management (CRM) at H&M is greatly influenced by the firm's ethical and environmental positions. Buyers who agree with H&M's views on ethics and sustainability prefer to hold a better opinion of the firm and its products. H&M's sustainability behaviours, such as the utilization of sustainable resources, apparel recycling projects and the Conscious Collection, will appeal to clients who are concerned about protecting the planet. By integrating clients into the brand's sustainability adventure and providing in-depth sustainability evaluations, H&M's shared responsibility project advances the CRM and generates an engaged clientele.

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