



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Student name: Nedyalko Radev

Student number: 2128093

Module code: BMSW5103

Module title: Understanding and Engaging in the Customer Experience

Assignment title: Customer Relationship Management and Emerging Themes

Lecturer's name: Abdi Rahman

Executive Summary

This report aims to examine the effectiveness of Zara's customer relationship management (CRM) systems in light of the company's commitment to ethical and sustainability policies. The report looks at the link between Zara's ethical and sustainability policies and the quality of service they provide to clients. It then examines three quality models and theories that might help in enhancing CRM and determines whether or not they are applicable to Zara's business practices.

Zara is a company with a shown dedication to ethical policies, including those pertaining to fair labor practices, ethical sourcing, and social responsibility initiatives. These actions help establish credibility, improve recognition of a company's brand, and create lasting bonds with consumers. Recycling, energy efficiency, and lowering carbon emissions are at the center of Zara's sustainability policies, which are in line with global sustainability standards and aim to draw in eco-conscious customers.

The report emphasizes how ethical and sustainability policies shape consumer experience and stakeholder-company connections. CRM systems innovate and enhance via ethical consumer interactions and sustainability efforts. Zara improves CRM quality and efficiency by embracing ethical and ecological principles. The report proposes Zara increase ethical training, sustainability activities, CRM technology, consumer input, supplier collaboration, and performance evaluation methods. These suggestions will improve Zara's ethical and sustainable practices and CRM services.

Achieving long-term success in the competitive fashion market requires that Zara implements these suggestions to preserve its strong brand image, attract environmentally concerned clients, and maintain a healthy business. consumer relationship management (CRM) solutions that are in line with Zara's ethical and sustainability policies will help the company increase consumer happiness.

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Introduction

Customer relationship management (CRM) is vital to corporate success in today's competitive market. Sustainable development and profitability need excellent customer connections. CRM tactics are increasingly emphasizing ethical and sustainable marketing to accomplish this (Schwetz, 2020). This report examines how ethical and sustainability policies affect CRM systems in credible companies. This report is based on Zara.

The first section of the report focuses on Zara's sustainability and ethical practices. It takes a look at the consequences these rules have on the buying public. Fair labour practises and ethical sourcing are only two examples of how much Zara cares about its employees and the communities in which they live and work. The report also analyses Zara's sustainability initiatives, such as its waste-reduction and environmental conservation programmes.

The report's second section is a literature evaluation of three quality models or CRM-related ideas that Zara may use to better serve its customers. We look at the academic literature and real-world examples of organisations using these principles in the industry to get a feel for how they work. The implications of Zara's ethical and sustainability standards for its customer relationship management systems are discussed towards the end of the report.

Ethical and Sustainability Policies of Zara

Businesses in today's socially conscious market place an increased emphasis on ethics and sustainability. The importance of ethical and environmentally responsible business practices is rising (Müller, 2004). One of the largest apparel stores in the world, Zara, is dedicated to enforcing ethical and sustainability standards that are in line with society's expectations and that help to reinforce the company's Customer Relationship Management strategy.

Zara's Ethical Policies

The establishment of trust and credibility amongst clientele calls for the implementation of ethical principles. As an ethical company, Zara has implemented a number of regulations to ensure that its operations are conducted fairly and legally. Zara's dedication to social responsibility and how it affects the consumer experience may be understood by examining the company's ethical values.

Fair Labor Practices

Zara is conscious of the need of creating a safe and supportive workplace for its workers. Lee, Kang, and Huh (2017) state that the company's commitment to the adoption of ethical business practices is shown by the existence of a Code of Conduct for Manufacturers and Suppliers. The code outlines the expectations that Zara places on its workers with regard to the working conditions, wages, hours, and other perks offered by the company. By adhering to these guidelines, Zara intends to cultivate a friendly and encouraging working atmosphere within the organization to enhance customer experience.

Bhattacharya, Korschun, and Sen (2009) found that consumers are more loyal to and supportive of businesses that promote and uphold ethical working conditions. Zara's commitment to ethical labor standards not only reflects well on the company and is in line with cultural norms, but it also helps the company attract and retain customers.

Responsible Sourcing

Responsible sourcing is vital to ensuring that Zara's supply chain continues to meet the company's high ethical standards. The firm is committed to only purchasing raw materials and finished goods from vendors that are committed to ethical and environmentally responsible business practices (Golan, Rocco, & Whitaker, 2019). The sustainable Raw Materials Strategy is a plan developed by Zara to guarantee that all raw materials used in its products are sourced ethically and sustainably. In the textile industry, for instance, Zara has taken steps to decrease

the usage of harmful chemicals. The Detox Commitment is the company's pledge to stop using toxic chemicals and to find safer ways to store and dispose of them in the environment.

The ethical policies implemented by Zara are consistent with market standards. For its ethical business practices, outdoor clothing manufacturer Patagonia is well-known. Patagonia's dedication to humane working conditions, ethical manufacturing, and ecological sustainability has won the company's widespread support from its patrons (Patagonia, 2022). The success of Patagonia may serve as inspiration for Zara as it works to improve its own ethical policies and customer relationship management methods.

Sustainability Policies of Zara

The fashion sector leaves a large carbon footprint; hence sustainability is of paramount importance to the businesses that operate within it. To lessen its influence on the environment, Zara has adopted a number of sustainability policies. We may evaluate Zara's attempts to include sustainable practices into its CRM strategy by looking at the company's sustainability activities.

Environmental Conservation

Zara understands the significance of preserving our planet and is working to lessen its impact on the environment. The company's goals to minimize carbon footprint and eliminate waste are lofty. Energy-efficient shop design, trash reduction, and recycling programs are just a few of the many facets of Zara's Environmental Strategy (Veleva & Ellenbecker, 2001). Customers who care about the environment will appreciate Zara's dedication to sustainability, which it shows by placing a premium on protecting the planet's natural resources.

H&M, a major rival to Zara, has become an industry pioneer in eco-friendly clothing. Sustainability best practices are shown by H&M's activities, such as the company's clothing collecting and recycling program (H&M, 2023). Zara may improve its own sustainability policies and CRM strategy by studying and using H&M's sustainable practices.

Supply Chain Transparency

For sustainable practices, supply chain transparency is a must. Zara is aware of the issue and has taken steps to increase visibility across the company's supply chain. To promote trust and responsibility, the firm lists all of its suppliers and their physical addresses (Armstrong et al., 2019). Zara empowers its clients to exercise their own ethical and sustainability choices via the provision of this information.

Corporate social responsibility (CSR) is a philosophy that Zara's ethical and sustainability policies reflect. Corporate social responsibility (CSR) is an organization's dedication to doing business in a way that benefits society, the economy, and the environment. Companies should meet their economic, legal, ethical, and charitable duties (Carroll, 2019).

Overall, Zara's ethical and sustainability policies significantly impact the company's CRM tactics and the whole consumer experience. Fair labor policies, ethical sourcing, environmental protection, and supply chain transparency are all priorities for the organization, and they all line up with cultural norms and best practices in the business world.

Critical Literature Review on Quality Models/Theories

Customer relationship management (CRM) is an essential part of running a successful company, and businesses are always looking to improve their CRM practices. Improvements in customer relationship management practices may be facilitated by using quality models and theories (Rijal & Pawar, 2012). Three quality models that might help Zara to improve its CRM will be the subject of a critical literature review.

Total Quality Management (TQM)

Total Quality Management (TQM) is an organizational strategy that encourages everyone to work towards better quality and satisfaction for customers. TQM has received a lot of attention in the literature as a way to boost CRM (Hahn & Oakland, 2020). Increasing customer happiness and loyalty is one of the primary goals of TQM since it helps businesses develop an environment where quality and the customer always come first.



Figure 1: Total Quality Management

Source: (Etech Global Services, 2023)

Zara may review its CRM practices and find places for improvement using Garvin's eight aspects of quality, which include performance, features, dependability, conformity, durability, serviceability, aesthetics, and perceived quality (Garvin, 2020). Zara, for instance, may measure how well it does in areas like the consistency with which it fulfils orders and the quality of the things it provides. Zara can fortify its CRM and improve the quality of the client experience all around by concentrating on and steadily developing these areas.

Organizational Example: Toyota

Toyota, a company well-known for its quality management practices, serves as an excellent case study in the effective application of TQM concepts in the workplace. Continuous improvement, waste minimization, and a focus on the client have all contributed to the company's success in cultivating lasting connections and brand loyalty. Toyota's Total Quality Management (TQM) practices provide valuable lessons that Zara may use in its customer relationship management (CRM) strategies.

Service Quality and SERVQUAL

As it has a direct bearing on customer happiness and loyalty, Service Quality is a crucial CRM aspect. It is common practice to use the SERVQUAL model that assesses service quality and spots discrepancies between what is promised and what is delivered (Parasuraman, Zeithaml, & Berry, 2019). There are five components to SERVQUAL: deliverables, dependability, responsiveness, assurance, and empathy. By measuring these factors, businesses may see where their services fall short of their consumers' expectations. With this knowledge, businesses may tweak their CRM approaches strategically.



Figure 2: SERVQUAL Model

Source: (Mulder, 2023)

Zara may use the SERVQUAL model to evaluate the quality of its in-store and online customer care (Bitner, Booms, & Tetreault, 2019). Zara can gain insights into the quality of its CRM and make necessary improvements by evaluating the Tangibles such as store ambience, and website design, Reliability including order accuracy, and on-time delivery, Responsiveness, for example, prompt response to customer inquiries, Assurance such as knowledgeable and helpful staff, as well as Empathy includes understanding customer needs.

Organizational Example: Amazon

Amazon is well-known for its dedication to providing high-quality service and putting its customers first. The business is dedicated to perfecting its customer relationship management by mining client information for useful insights, delivering targeted product suggestions, and facilitating trouble-free digital transactions (Jaisingh & Veliyath, 2015). Amazon's success and customer loyalty may be attributed in large part to the company's dedication to providing high-quality customer service.

Six Sigma

Six Sigma is a data-driven methodology with the goal of reducing errors and variances in a process. Despite Six Sigma's more prevalent association with manufacturing and process optimization, the methodology's applicability to customer relationship management is not to be discounted (George & George, 2004).



Figure 3: Six Sigma

Source: (Ryan, 2023)

Zara may benefit from using the DMAIC (Define, Measure, Analyse, Improve, and Control) methodology from Six Sigma to better their customer relationship management (CRM) procedures (Snee, 2010). The steps of the DMAIC methodology are as follows: issue definition, process performance measurement, data analysis to identify improvement possibilities, change implementation, and control measure establishment. Zara can improve the CRM experience for its customers by using DMAIC in the company's customer relationship management operations.

Organizational Example: General Electric

Among the many areas of business where Six Sigma has been successfully implemented at GE is customer relationship management (Thompson, Strickland, & Gamble, 2008). Using Six Sigma, GE was able to better understand and alleviate customer frustrations, leading to happier clients and more profits. Based on GE's success with Six Sigma in CRM, Zara may modify the methodology to better handle its own unique problems.

Conclusions and Recommendations

In conclusion, the quality of CRM systems in businesses is significantly impacted by ethical and sustainability standards. Trust, improved customer experiences, and lasting partnerships are all possible when businesses adopt ethical practices and prioritize sustainability. Zara was chosen because the firm has implemented several initiatives such as those promoting ethical sourcing, transparency, and social responsibility that show its dedication to sustainable and ethical business practices.

Trust and positive interactions with customers are directly tied to a company's ethical principles. Fair employment practices and ethical sourcing are just two examples of how Zara's commitment to ethics has boosted the company's image and kept customers coming back for more. Zara shows its dedication to social responsibility and gains consumers' confidence by mandating ethical business practices across the whole supply chain. Bhattacharya, Korschun, and Sen's (2009) findings back up the idea that stakeholder-company relationships may be strengthened via corporate social responsibility programs that benefit both parties.

In the modern corporate world, sustainability policies are equally important. The recycling programs, energy efficiency improvements, and carbon emission reductions implemented by Zara not only conform to worldwide sustainability targets but also find widespread support among eco-conscious consumers. According to Carroll's (2019) three-dimensional conceptual model of corporate performance, businesses must address social and environmental challenges if they want to be sustainable in the long run.

Brand trust and loyalty aren't the only things affected by ethical and sustainability strategies. On the quality of CRM systems, these rules also have a direct bearing. Zara promotes responsible and considerate behaviour among its staff members by requiring them to take ethical factors into account whenever they deal with customers (Jaisingh & Veliyath, 2015). In turn, this improves interactions with customers and reinforces CRM as a whole. Ethical factors have a role in the overall quality perception of goods and services.

Additionally, CRM system innovation and process enhancement are encouraged by sustainability standards. A key differentiator for Zara is the company's dedication to sustainability, which promotes the creation of environmentally friendly goods and services. The business may boost its efficiency, cut down on waste, and find new areas for growth by incorporating sustainability into its customer relationship management operations (Juran, 2020).

This is in line with Total Quality Management's (TQM) principles, which stress never stopping to become better and centring everything on the customer.

Based on the findings and discussions, the following recommendations are suggested for Zara:

Ethical Training: Offer extensive training programs for Zara's staff to instill ethical behavior and promote shared knowledge of fashion industry ethics (Moon & Vogel, 2008). The company's ethical base will be strengthened, and good customer service will be encouraged, as a result.

Expand Zara's Sustainability Initiatives: Maintain financial commitments to sustainable business practices that are unique to Zara, such as ethical material sourcing, waste minimization throughout production, and in-store recycling initiatives (Seuring & Müller, 2008). Zara can stand out from competitors and win over eco-conscious consumers by making sustainability an integral part of its business model.

Leverage Technology for CRM: Customer Relationship Management (CRM) software designed for the clothing retail business is just one example of a technological solution that might be used to increase Zara's productivity and effectiveness in this area (Bhattacharya, Korschun, & Sen, 2009). Better consumer monitoring and analysis means more opportunities to connect with and delight individual customers.

Collect and Analyze Customer Feedback: Establish an effective method for gathering and analyzing client feedback about Zara's clothing and shopping experiences. In order to better serve your customers, it's important to consistently gather and analyze feedback (Lee, Kang, & Huh, 2017). This will highlight Zara's dedication to providing an excellent shopping experience for its customers and pave the way for further enhancements.

Strengthen Collaboration with Suppliers: Improve Communication with Zara's Vendors In order to guarantee that Zara's ethical and sustainability requirements are met by its suppliers, the company should strengthen its ties with such suppliers (Armstrong et al., 2019). Set up audits and evaluations routinely to keep tabs on how your suppliers are doing in terms of working conditions, environmental impact, and responsible sourcing. Working together like this will guarantee that all links in the supply chain are ethical and environmentally friendly.

Establish Performance Metrics: Create metrics that will help Zara achieve its ethical and sustainability goals. Assess the effect of Zara's ethical and sustainability principles on the

company's CRM systems by measuring and monitoring performance against these key performance indicators (Seuring & Müller, 2008). Improvements may be made and progress can be monitored through regular assessment.

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