



MBA

Module Assignment Submission

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
INTRODUCTION	3
1. THE VISION.....	5
1.1 STRATEGY	5
1.1.1 AREAS OF GROWTH	5
1.1.2 STORE CONCEPTS	6
2 BUSINESS RELATIONSHIPS	7
2.1 RELATIONSHIP MARKETING AND LOYALTY PROGRAMS	7
2.2 WHY CUSTOMER RELATIONSHIP MANAGEMENT PROJECTS FAIL	7
2.3 SUCCESS FACTORS IN CUSTOMER RELATIONSHIP MANAGEMENT	8
3 TOUCHPOINTS	8
4 CUSTOMER JOURNEY.....	9
4.1 THE WAY FORWARD	11
4.2 CREDIT	11
4.3 ARTIFICIAL INTELLIGENCE.....	12
4.4 MICROSOFT BOT CAMI	12
4.5 AUGMENTED REALITY	13
5 CONCLUSION.....	13
REFERENCES	14
APPENDIX 1.....	17
DIXONS CARPHONE PLC - SWOT ANALYSIS	17

EXECUTIVE SUMMARY

This report is based on the Dixons Retail and Carphone Warehouse Group who merged in August 2014. They are a multi-channel provider of electrical and telecommunications services across Europe. Marketing partnerships have risen in importance due largely increased competition, globalisation and broader deployment of technology-based CRM systems and the adoption of digital technologies by consumers. Dixons Carphone manage customer expectations and interactions in such a way that there are incentives to generate added value for the company to be successful in its application of relationship marketing, via customer touchpoints and their end to end customer journey. Having a multi-channel approach using technical support, experience and high service levels, results in gaining sustainable competitive advantage and lower operating costs.

INTRODUCTION

This report is based on the Dixons Retail and Carphone Warehouse Group who merged in August 2014. The decision was made, at the corporate level to simply join the two companies into one and call it Dixons Carphone (Ritson, 2014).

Carphone and Dixons said the merged group would benefit over three years from increased purchasing power, additional growth opportunities, and annual savings of at least eighty-million pounds; as sales shift online, had both businesses grappling with structural changes. Electrical outlets are in danger of continuing years of high street oblivion in the same way as books and record stores. In the meantime, mobile networks want to sell more through their own stores, paying Carphone less commissions, Apple for instance sell phones very well through its retail spaces. (Garside & Farrell, 2014)

This report will show the marketing strategy looking at their challenges whether they be environmental, global, innovative, and reputational along with other aspects to marketing. This is done by looking at customer touchpoints and their end to end customer journey. Dixons Carphone is a multi-channel provider of electrical and telecommunications services across Europe. It markets and sells a variety of electronic products, and smart phones through its UK, Ireland, Greece, and Nordic retail stores. Under the trademarks Carphone Warehouse, Dixons Travel, Currys PC

World, iD, Elgiganten, Gigantti and Elkjop, the company markets and sells these goods. Dixons Carphone offers a variety of services including repairs, installation and maintenance, technical assistance and product consultancy, software and telecommunications products, repair and safeguard and protection and reserve and purchase and click and collect related services to their customers. The headquarters of Dixons Carphone is based in London, United Kingdom and currently employs more than 42,000 individuals across all counties (Marketline, 2019).

Dixons Carphone says it was working to improve its output on multichannels as it announced a decline in half-year revenue and a pre-tax loss. As predicted, mobile is challenging, Chief Executive Alex Baldock said “This will be the tough year for mobile losses, as thought, and by 2022 it will be break-even” (Crux, 2019).

It has an ongoing transformation, focused on making it easier for shoppers to buy both through multi-channel retail and services as well as through credit offering, demonstrates customer satisfaction with an increase in business. (Rigby, 2019).

In order to see a way forward from a marketing point of view starts with achieving the right approach by looking at the company vision. Once the vision is clear a strategy can be worked out and put in to play. The most important aspect of any successful marketing implementation is to devote time and energy during the planning process. The goal will be to get customers to visit shops. Competition from Amazon and Argos remains high, and delivery on the same day always makes life more difficult for Dixons (Crux, 2019).

This report will show an overview of what Dixons Carphone is doing to give their customers; a great customer experience by using and making the most of their customer touch points.

1. THE VISION

“Our vision is to help everyone enjoy amazing technology. This is our promise to our customers. As a market leading consumer electrical, mobile phone and services retailer, it drives everything we do”. (Carphone, 2018). Focusing on the online and credit growth opportunities; revitalising their mobile business; and delivering a convenient experience for customers. By focusing on this vision, the marketing team develops its strategy.

1.1 STRATEGY

First, to focus on thinking about the problem, not rushing into the solution, but focusing on satisfying the needs of customers. Start with the customer and concentrating on the things that would meet the needs of the consumer; by keeping things simple and working on getting the basics right. The online customer experience in retail is primarily about getting the main tasks right for the customer first time. Keeping it simple so that they may achieve their goal. The customer will be able to easily pick what they would like to buy, check for best practise and the possibility of working with others; gain assistance in providing additional services, such as distribution and collection, returning items, consumer reviews to optimisation analysis. Customer feedback systems are used more extensively and are linked back to optimise testing, then used to help drive product changes and boost feedback and cross-channel sales keeping the experience mobile-friendly. With substantial growth in smartphone purchases, Dixons Carphone have taken the opportunity to generate additional revenue by providing a more mobile shopping experience by maximising the use of additionally responsive devices. Identifying ways of using technology to improve the in-store experience. To understand the customers and improve customer customer experience use data gathered from technologies such as beacons and geo-targeting, free Wi-Fi and mobile apps, which together should improve the shopping experience and add value (Saunders, 2016).

1.1.1 AREAS OF GROWTH

In 2016, Dixons Carphone prepared to launch what it calls an 'emergency service for the connected world' as it seeks new sources of growth in the face of online rivals like Amazon. Looking at dealing with faults, consumers will be given remote monitoring of their home network and the opportunity to get support from experts through an app, including maintenance callouts. The platform for emergency services will use connected devices to detect home problems (Saunders, 2016). Dixons

Carphone announced the roll out of Team Knowhow in July 2017, a new brand of specialist services that will soon be available in over a thousand Currys PC World and Carphone Warehouse stores across the UK. See (Appendix 1. Strengths) The tech support line from Team Knowhow will also be made available around the clock and all of its facilities will be located within a 20-minute drive from any client. The aim is that the Team Knowhow will become the largest central repair centre in Europe once rolled out fully. (Jahshan, 2017). Market advantage (see Appendix 1 Strength).

A major setback to this is the huge data breach that took place in 2017 which involved ten million customers. The Carphone Warehouse and Currys PC World owner investigated the hacking since it was discovered in-June of that year (News, 2018). As Dennis Jaffes, of Forbes quotes His Holiness the Dalai Lama “To earn trust, money and power are not enough; you have to show some concern for others. You cannot buy trust in the supermarket.” What is useful to know is that trust is a medium exchange and not static. It is possible to earn trust. This can be lost, and also retrieved. (Jaffes, 2018). See Appendix 1. Weakness

1.1.2 STORE CONCEPTS

Concept stores are a prime example of just how companies are working to bring together the online and offline experience. While part of a broader development initiative, Dixons Carphone's largest competitor Argos has opened new model stores as they see more of their sales being affected by online activities. When consumers pre-pay online, at fast track collection points, items are put ready for access on shelves, which ensures customers can get what they want in less than a minute. They have replaced the laminated catalogue with iPads that provides product videos with customer feedback, store information, and the ability to add items to a single digital shopping cart. All consumers have free Wi-Fi, and they are using screens instore which enables advertisements to be dynamically displayed. Argos has been busy making the most of its people's assets, providing customers with a richer and more inspiring customer journey (Saunders, 2016).

In its current financial year, Dixons Carphone is remodelling its stores, with 81 completed so far and 64 to see expansion. Changes that include providing more room to fast-growing products like large screen televisions and slower-moving items only available online. There are forty gaming battlegrounds, 52 TV experience zones and 72 for major domestic devices in the in-store experience areas (Rigby, 2019).

Dixons Carphone has been flourishing in a region where the influence of Amazon has long been developed. Offering a range of products from mobile phones to dishwashers, the company has increased its market share by first matching Amazon on price in almost all segments, then redesigning stores to draw shoppers and offer them additional services (Chambers, 2017).

2 BUSINESS RELATIONSHIPS

Value has been added to Dixons Carphone with the strong developed relationships made with its suppliers and thus suppliers can depend on Dixons Carphone to repair high-tech equipment. There has been a lot of learning, training and information sharing, so retailers and manufacturers can provide a better service to the consumer. Therefore, retail customers with faulty products will carry out repairs through the store, thus receiving faster service and quicker turnaround times, for repairs. This is an example of how the business in the supply chain is benefiting from strong relationships (Jobber & Ellis-Chadwick, 2020, p. 320)

2.1 RELATIONSHIP MARKETING AND LOYALTY PROGRAMS

Marketing relationships can be defined as "all marketing activities aimed at creating, developing and sustaining effective relationship exchanges" (Beck, et al., 2015) quotes (Kumar et al. 2011) in stating that using techniques that develop customer loyalty, boost sales and profit over time, this works particularly well when suppliers embrace these strategies before competitors and when there is a high level of competitiveness. Since sellers are increasingly facing global competition and goods and services in the modern marketplace, relationship marketing and loyalty programs are key differentiation strategies (Beck, et al., 2015). Dixons Carphone use the customer journey to develop their relationship for marketing.

2.2 WHY CUSTOMER RELATIONSHIP MANAGEMENT PROJECTS FAIL

Almost half of the customer relationship management (CRM) programmes have failed because of inadequate attention being paid to the processes involved and the purpose that the programme was intended to

accomplish. Individuals can also create problems by refusing the use of the new technology or lacking sufficient training in the introduction of new CRM systems. Due to lack of planning and clear goals, many CRM systems have been found to fail. Eventually, roughly one third of the Relationship Management systems fail due to lack of the right technology (Band, 2013).

2.3 SUCCESS FACTORS IN CUSTOMER RELATIONSHIP MANAGEMENT

As the journey and experiences of the consumer become a major marketing element so too is the successful deployment of CRM systems and related technologies.

Because customers expect to have immediate access to information, much of the implementation of CRM systems and applications is driven by digital marketing and customer experience initiatives. As a result, to ensure that CRM systems perform effectively, especially as they are used in all business sectors, it has become essential. For example, donations are increasingly being made via mobile phones and social media platforms in the non-profit sector; online retailers are selling more; yet mobile phones have been used by airlines and other transport companies to provide travel alerts (Frost and Sullivan, 2011). The use of social media also plays an important part as experiences are shared on everything from food shopping and eating out to participating in big campaigns like the ice bucket challenge (Jobber & Ellis-Chadwick, 2020).

3 TOUCHPOINTS

As the number of potential touchpoints where a consumer can communicate with a business grows, CRM systems are becoming increasingly complex; see figure 1. Touchpoints are where consumers connect with a business and data can be obtained about their experience. Consumer connections can be accomplished by physical human experiences, such as with customer service staff or sales representatives, or where consumers communicate remotely, including loyalty programmes, online reviews and search queries. Connexions can occur at any stage of the customer's journey and give businesses the

opportunity to make effective use of the touchpoint. For instance, a company may give a certain discount to existing customers if they refer to friends through the company's website, or if a delivery is received, a customer may be encouraged to comment on product quality on a delivery received (Jobber & Ellis-Chadwick, 2020).

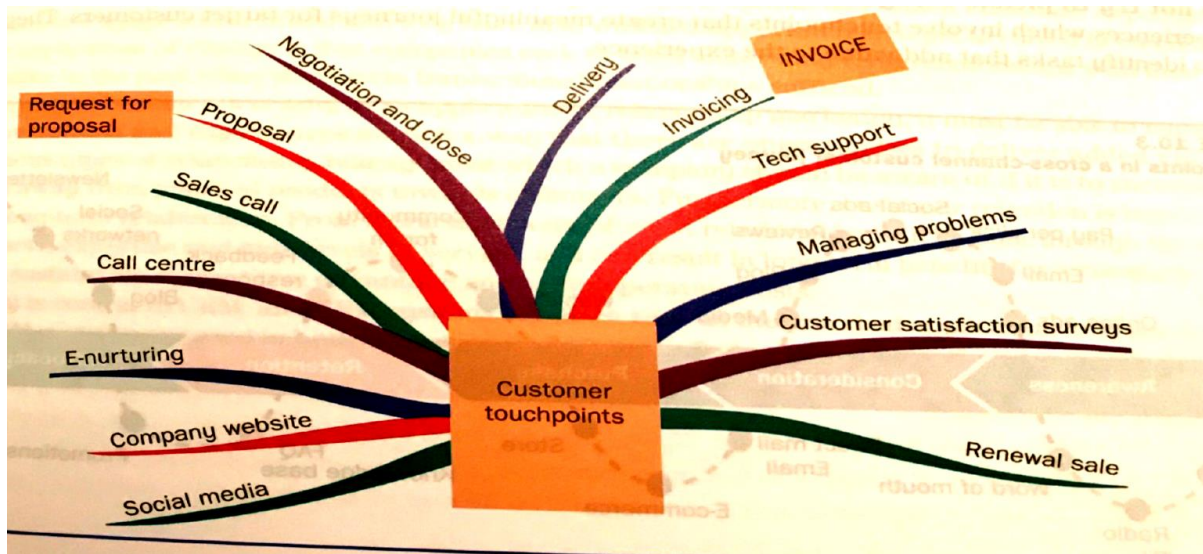


Figure 1 taken from (Jobber & Ellis-Chadwick, 2020)

SMS is used by Dixon Carphone to send customers text messages, notify them of the latest deals, as well as supply product information.

The brand website of the company is also used for advertising, correspondence, and after-sales service. The message, the media, and the platform work effectively together for the customer while the main point for the organisation is that the fundamental premise of its communications has not changed, yet prospects for leverage advantage have increased significantly through improved accessibility and expanded message touch points (Jobber & Ellis-Chadwick, 2020, p. 420).

4 CUSTOMER JOURNEY

Multichannel retailing has become increasingly important as retailers add new outlets to the current products. Large retailers, such as Dixon Carphone and John Lewis Partnership, have launched digital online and mobile stores. However, retailers such as eBay and Amazon, have expanded into high street physics and no longer only online (Jobber & Ellis-Chadwick, 2020). (see appendix 1 Treat). This is only the beginning of the debate where retailers may choose to serve their customers. As the path that consumers take to buy becomes more complex, they experience

several touch points, going from the physical to the virtual. For instance, a shopper who likes a product they saw on a billboard can then go to the web to find out more information about the item, decide to then go to a store to physically see the product, then turnaround and purchase it online after which submit a review on social media. The retailer's decision is no longer what platforms to use, but how to build a smooth consumer journey (Jobber & Ellis-Chadwick, 2020).

Companies exploring cross-channel touch points in order to monitor the customer journey to ensure a seamless experience. Most companies fail to provide a customer experience that is seamless. How can an organisation handle cross-channel touch points multicore and successfully use their CRM systems? According to (Gill, 2014) organisations must acknowledge the overall customer experience and pay for the detection, design, implementation and optimisation of the end-to-end customer journey. In order to do so the following three rules should be observed.

1. Do not try to please everyone;
2. Optimise the journey, not the touch point;
3. Manage the transitions.

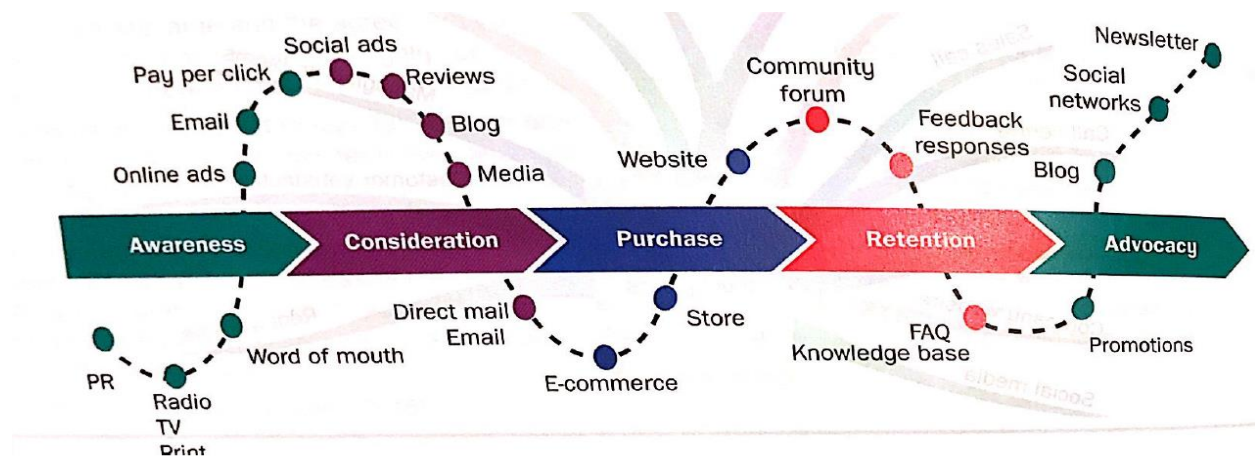


Figure 2 taken from (Jobber & Ellis-Chadwick, 2020)

The alternative is to follow a multi-channel approach in which the experience is the same, regardless of where shoppers communicate with the retailer. It means the supplier will ensure continuity of items, costs, customer service, and any contact messages. The customer journey has expanded with the use of digital, see figure 2, mobile and social media platforms, for example, booking online, store collections, ordering the store, home deliver, returning unwanted goods to store – must be addressed in relation to sales performance and marketing strategies (Jobber & Ellis-Chadwick, 2020, p. 577).

4.1 THE WAY FORWARD

Dixons Carphone's electrical retailer have made the start on getting the online and offline stores working together to provide a genuine multi-channel experience. As they are fully aware that many of the customers are multi-channel shoppers already. A start has been made that involves offering tablets to in-store staff, which are in store mode tablets which they can use to view and sell the full range of products online, this has resulted in increased sales in-store by thirty-five percent. In the meantime, online buyers purchase and receive item in stores that accounts for thirty-three percent of total sales by stores. This is just the beginning with a long way to go to offer a total multi-channel experience (Rigby, 2019). The store also aims to make it easier for customers to purchase through the provision of services from set-up and link to recycling (Crux, 2019).

A new training facility has been opened by UK-based electric and telecommunications retailer Dixons Carphone, they want to remain a source for great talent and are investing more than ever before in giving their employees the tools and skills to put their customers as soon as they start in-store. The company also plans to introduce the ninety day Ignite Learning and Development Program as a three-day residential orientation at the facility to all new employees by February 2020 (Marketline, 2019).

4.2 CREDIT

Another focus of the retail sector is on credit, two-thirds of consumers use some sort of credit to purchase technology in the UK. With 21,000 staff trained and compliant, Dixons Carphone is committed to being responsible and safe in the area (Rigby, 2019).

Apple, Samsung and Microsoft are some of the company's major suppliers. The reliance on suppliers of Dixons Carphone could affect its business operations. This leave Dixons Carphone expose to the risks associated with supplier dependency such as delays in delivery times, limited availability and price fluctuations (Marketline, 2019). See Appendix 1 Treat.

Dixons Carphone is subject to foreign exchange rate fluctuations. (see appendix 1. Threats)

4.3 ARTIFICIAL INTELLIGENCE

Upon finding that approximately ninety percent of their customers began their shopping online, and sixty-five percent of customers use their mobile phones to help them shop in-store, it was agreed to use Artificial Intelligence's power to deliver customised shopping experiences across the UK networks. The company teamed up with Microsoft Services to help their 48,000 employees better adjust and respond to changing customer buying habits in order to provide a consistent, world-class experience across all channels (Carphone, 2017).

It was decided through research that artificial intelligence would be the secret to providing customers with a differentiated and personalised experience that will integrate the customer journey, states Antonia Colin-Jones, Dixons Carphone's strategic partnership programme manager (Carphone, 2017).

4.4 MICROSOFT BOT CAMI

Cami, the retailer recently introduced collaborative artificial intelligence BOT which uses Microsoft BOT Platform and Microsoft Cognitive Services technologies to integrate artificial intelligence into its customer interactions, accessible via the company's Currys brand website and Facebook Messenger. It is described as “mildly geeky and quite confident. Cami helps staff check stock, customers and staff do research, locate and save items (Carphone, 2017).

The BOT is built to promote consistent online and in-store interactions which in turn helps Dixons Carphone improve its relationships with its customers, it also empowers store employees to be more productive with new tools and increased access to data (Carphone, 2017).

Previously, consumers who studied products online before they came to a store would have to start from scratch when seeking help from a store assistant. Using Cami that gap is filled as it allows employees to see what the customer was looking for online, they then can guide the customer to that product or similar ones that they might like equally or even more. By using Cami, the aim is to better understand the customers by referring to the type of questions posed and then using that knowledge to improve future interactions and services (Carphone, 2017).

4.5 AUGMENTED REALITY

With a separate Currys PC World Point and Place app, the electrical store previously offered its Point and Place system. The platform can now be found on its official ecommerce site. Customers can now browse on their smartphone or tablet 700 popular products – with more in the pipeline – with the choice of viewing the item in Augmented Reality. The technology allows consumers to position their product directly in their home to check for size, design and how well it fits into a place. (Carr, 2019)

5 CONCLUSION

Marketing partnerships have risen in importance due largely to increased competition, globalisation and broader deployment of technology-based CRM systems and the adoption of digital technologies by consumers. Dixons Carphone must be able to manage customer expectations and interactions in such a way that there are incentives to generate added value for a company to be successful in its application of relationship marketing. Retention of customers is important to build a long-term relationship. Partnerships can be established with technical support, experience and high service levels, and can result in a company's long-term benefits, such as a sustainable competitive advantage and lower operating costs. Technology is central to CRM, this has been recognised and they have introduced Cami artificial intelligence to interact with their customers; this is a practical application of marketing relationships. CRM systems are used in sectors affecting customers as well as corporations. A marketing effectiveness barometer in this case Cami is measuring customer satisfaction, which is helpful as the happiness of consumers should be at the heart of the marketing effort. While this factor does not appear explicitly on the profit and loss accounts of a business, it impacts the bottom line of the company and is therefore a necessary condition for the success of the company. Dixons Carphone have and are continuing to implement all the latest CRM tools, only time will tell how successful they will be.

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APPENDIX 1

DIXONS CARPHONE PLC - SWOT ANALYSIS

Strengths

- Has a strong store network of businesses and boosts its customer reach, store traffic and the brand is well known.
- Dixons Carphone products are sold through a mix of in-stores and online websites.
- Dixons Carphone 3-in-1 stores in the UK and Ireland display multiple shop banners in a single store to provide their customers with a better shopping experience and convenience.
- The business also retails its goods and markets them through e-commerce sites that operate under its brand names.
- The after-sales service and support of the company allows it to retain long-term relationships with its existing customers and helps attract new customers
- Dixons Carphone provides its customers with technical and technological support services such as home delivery, product distribution, installation, servicing, networking, updating and repair.
- It offers technical support and services under the brand name of Team Knowhow. As of April 2019, there were 11 million guarantee and insurance clients and 4.2 million home visits per year in the company's technology support business.
- Its technology support business also handled one million mobile, 390,000 white goods, and 475,000 annual repairs to computers and televisions.
- They also provide a mobile repair service on the same day.
- Strong market position gives the company a competitive advantage.
- Dixons Carphone operates its stores in eight countries in Europe under 14 brand names.
- It is one of the leading retailers and service providers of electrical and mobile phone consumers.
- The Currys PC World brand of the company was the UK and Ireland's largest specialist electrical retail and service operator.

- Dixons Travel was one of UK and Ireland's largest electrical stores at the airport.
- Carphone Warehouse brand was one of the UK and Ireland's largest telecom retailers.
- Its Elkjop Group was one of the Nordic region's leading electrical specialist retailers, while Kotsovolos brand was Greece's leading electrical specialist retailer.
- The InfoCare brand stores at the company were one of Nordic's leading consumer electrical repair retailers with a store presence in Denmark, Sweden, Finland and Norway.
- The organisation had 205 million shop and 700 million visits to the website as of April 2019, respectively. According to the company's annual report, Dixons Carphone had a 26 percent market share in the electrical sector in the UK and Ireland; mobile UK and Ireland (18.9 percent); Nordics (25.5 percent) and Greece (35.0 percent).

Weaknesses

- Low liquidity is an indicator of the deteriorating ease in financing the day-to-day activities of the company, which also limits its ability to capture market growth opportunities.
- The lower current ratio could be due to a decrease of 9.1 percent in total current assets, which dropped from £2.571 million in financial year (FY) 2018 to £2.338 million in FY2019 due to accumulated expenses.
- The profitability of Dixon Carphone deteriorated over the time. In FY2019, the company reported £223 million in operating loss compared to £327 million in FY2018 in operating profit.
- The deterioration of the company's operating performance may be due to a lack of focus on operational efficiency.
- Operating expenses increased over the previous fiscal year by more than 100 percent in FY2019. The business also announced £320 million net loss compared to £166 million net profit in FY2018.

Opportunities

- The business focuses on using digital technologies to improve the consumer shopping experience across its physical and online stores. Dixons Carphone, Currys, PC World brand acquired Augmented Reality (AR) in August 2019 to provide its online customers with a better shopping experience.
- The Currys PC World brand incorporates the purchased AR into its e-commerce platform allowing individuals to pick a suitable product for their home.
- The new feature allows users to get a 3D view of the product and the location of the product at home before making a purchase decision
- Through physical and online stores, Dixons Carphone retails electronic electrical and mobile phones to benefit from the positive outlook for Europe's online retail industry. The online retail market in Europe is expected to grow at a Compound annual growth rate of 10.3% in 2017-22 to hit \$387 billion by 2022 from \$237.3 billion in 2017, according to in-house research.
- The UK represents 23.9 percent of the value of the European online retail market. In 2017, retail electrical and electronics was the largest market segment, representing 28.1 percent of the value.
- Digital Pureplay was the leading online retail sales mode in Europe, accounting for a large share, followed by multi-channel shopping. Increasing consumer engagement with the Internet has encouraged Europe's adoption of online shopping. Online shopping has reached maturity in the UK, Germany, the Netherlands, and Scandinavia.

Threats

- The company relies on a network of manufacturers and original equipment manufacturer of electrical and mobile phones to handle store inventory and satisfy customer demand.
- Apple, Samsung and Microsoft are some of the company's major suppliers. The reliance on suppliers of Dixons Carphone could affect its business operations.
- Although the manufacturer arrangements provide the retailer with the opportunity to showcase the latest product launches and innovations in the shops, they also expose Dixons Carphone to the risks

associated with supplier dependency such as delays in delivery times, limited availability and price fluctuations.

- Dixons Carphone operates in a European retail market that is highly competitive.
- Price, store size, products and services offered, storage structure and distribution capabilities are factors that determine the level of competition within the industry.
- Amazon.com Inc, AO Retail Limited, Argos Limited, Avnet Inc, Asda Stores Ltd, Bang & Olufsen AS, Best Buy Co Inc, Carphone Warehouse Europe Limited, Debenhams plc, Ceconomy AG, Expert International GmbH, Hutchison 3 G UK Limited, Metro AG, NetOnNet AB, Tech Data Corp, Tesco Plc, Verkkokauppa.com Oyj and WhiteAway A / S are among the major competitors of the firm.
- Some of these rivals have higher operating knowledge, technological, marketing, distribution and support resources; higher brand recognition and greater financial ability than the company could restrict the emergence of innovative products and the expansion of the business.
- Media-Saturn-Holding GmbH, Ceconomy's affiliate, entered into a contract with Olympia Group Ltd in July 2019 to build a new business and extend its presence on the Cypriot and Greek markets. In September 2019, to increase convenience, Amazon announced the launch of brick-and-mortar stores.
- Dixons Carphone is subject to foreign exchange rate fluctuations.
- The company reports British pound financials and is therefore vulnerable to British pound fluctuations against other usable currencies like the US dollar, Swedish Krona, Euro and Norwegian Krone.
- The major elements exposed to exchange rate risks include the investment of the corporation in overseas subsidiaries and affiliates, as well as monetary assets and liabilities resulting from foreign currency business transactions.
- In FY2019, the company reported a loss of £30 million from changes in foreign currency translation compared to a £8 million gain in FY2018.

- To minimise the risks from currency fluctuations, by entering into foreign exchange forward contracts, the company could be involved in foreign exchange hedging. There could be no guarantee, however, that such hedging would limit the impact of exchange rate fluctuations on the operating results of the company.