



UNDERSTANDING AND ENGAGING IN THE CUSTOMER EXPERIENCE

BMSW5103

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1.EXECUTIVE SUMMARY

In this report I would like to analyze above all the customer service, the importance of this and its advantages and disadvantages if the objective is not achieved. We will delve into the information with different models studied and analyzing the company from different perspectives both internal and external. I will address issues such as the COVID-19 pandemic and how it has affected the textile industry, especially the company what I chose ZARA from the Inditex Group.

2. Introduction

Who doesn't want to set up their own business nowadays... Increasingly, simple people in search of success and power. Are we growing, where information abounds and if you want you can, it seems easy, but is it really? What is needed? Perhaps a lot of patience and perseverance. If you love what you do or have a good reason that makes you fight for what you want despite the difficulties, it seems that you are on the right track.

"Get very close to your customers. So close that you have to tell them what they need before they figure it out themselves."

Steve Jobs

With this report I want to make the Zara company known, using the knowledge taught in class and applying analysis techniques.

The purpose is to make the company known from the customer's point of view, since I intend to analyse the company both internally and externally using models such as Swot and Pestel, I will also cover how the regulations due to the pandemic have changed the methods of sale and of work of the sector.

3. Company Background



Zara was founded by Amancio Ortega. In 1975, Amancio decided to open his own fashion store as his own brand and with the concept of fashion within everyone's reach.

During the year 1977 the first factories and central offices were built in Arteixo (Spain); In the 1980s, the company expanded, opening new Zara stores in commercial areas of Spain.

In 1985, Inditex was founded, the holding company that brought together all the brands that would appear and be incorporated (Zara Home, Stradivarius, Pull and Bear, Bershka, Massimo Dutti, Oysho, Uterqüe and Lefties). Three years later, it began its expansion to other countries, the first being Portugal with its first Zara store in Porto.

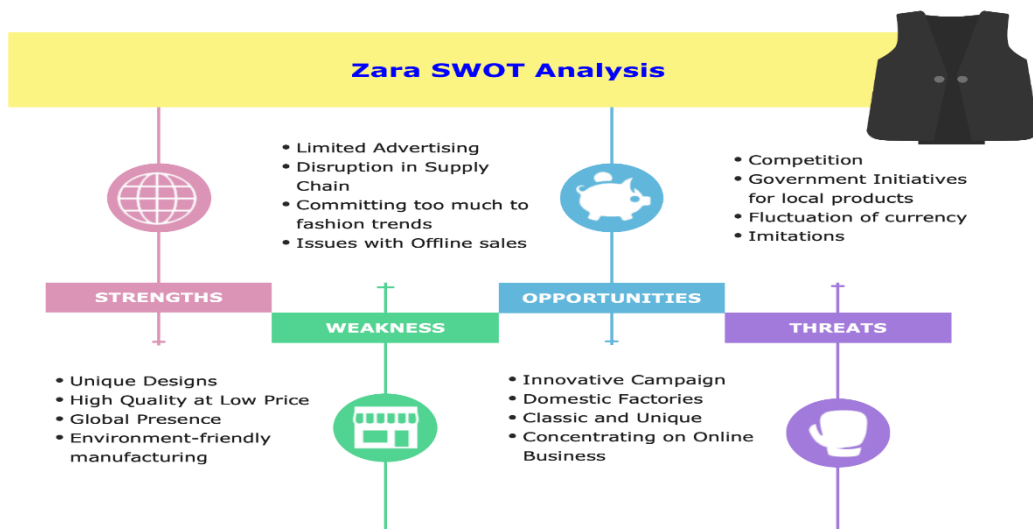
And a year later, in 1989, it opened its first store in New York, in 1990 it opened the first store in Paris, until it had more than 500 Zara stores around the world during the 90s.

The business strategy that has always set the brand apart is the fast fashion production model based on producing large quantities and at low cost, constantly creating collections full of exclusivity and trends.

In the 2000s, the company began the digitization process with online sales and already in 2012 Amancio Ortega is considered one of the richest people in Europe.

Inditex is currently considered the largest fashion retailer on the planet, where Zara represents the largest number of revenues, being the flagship brand of the group, it also has some 2,000 Zara stores all over the planet together with the increase in online sales.

SWOT ANALYSIS



This analysis tool that will allow us to know the situation in which Zara finds itself.

STRENGTHS

JUST ON TIME: It adapts to production and is added to distribution with the perfect execution of the stock system at the point of sale. In this way, it ensures that customers have items continuously regardless of demand, so that a product that is well received by customers can always be available. In addition, in this way clothes are not stored, and profit is not lost with inventories. If a model is found not to be selling, it is withdrawn and redesigned to suit consumer tastes or moved to a market where it has been successful.

Short delivery times, the company's delivery times are among the shortest on the market, which is why they renew their shelves every 20 days. This gives customers the ability to choose. Sell good quality products at a low price.

The distribution is carried out according to the demand, the production is adapted to the consumption levels of its clients. By immediately knowing the sales of each store, you can adjust your assortment to the characteristics of each geographic market.

Advertising is focused on social networks since it is very inserted into everyday life and does not need another type of more expensive advertising.

Its premises are spacious and serve to distribute the products in a spacious way and allow customers to walk comfortably through the store, creating a warm atmosphere in which the customer feels comfortable and relaxed.

Another important point is its great flexibility when it comes to changing or returning a product, the customer can easily buy or return without repercussions.

Lastly, information management. The company has a team that operates internationally and is dedicated to visiting fashion centres to gather information and update the products on the market.

OPPORTUNITIES

Greater capacity to enter any market. Being a strong company and selling quality clothing at an affordable price, it can compete.

The Internet makes it possible to reach all audiences and places by publicizing the company's brand and products. Using the connectivity is basic to be able to reach any client, today any lens has a mobile device, so both advertising and the possibility of ordering online or viewing the company's pages is feasible from any site.

Globalization: Allows you to internationalize and have commercial relations in an easier and simpler way.

Technological advances that allow the creation of faster and more flexible information exchange systems, thus maintaining Just-in-time production with more complex machines and logistics systems.

WEAKNESSES

Inventories that do not cover the totality of the demand, that is to say; produces below the estimated demand and sometimes consumers do not find what they were looking for.

Centralized distribution in Spain: It makes the product more expensive in some countries due to transport. This fact can be a disadvantage since it can lead to high transportation costs.

Lack of a quick collection centre for its stores. The stores do not have the possibility of quick sale devices, so you have to queue, and it can be a weak point since you must have time.

The bad human resources policy that it has. Store staff are not oriented to do their job better since they do not receive specific training, they focus on hiring staff with little experience, so the relationship they can establish with customers will be more precarious.

60% of its profits come from its stores that are outside of Spain. Zara gathers all its production between Spain, France, and Morocco, which makes its production costs much higher.

By having such affordable prices, part of the public prefers not to buy their clothes, knowing that they will not differentiate them from other consumers. Selling an affordable product focused on fashion has the problem of massification.

THREATS

Global economic recession, which can harm fashion spending. The current crisis due to inflation and the war in Ukraine that makes energy rise puts the textile market in

jeopardy on two sides since, in addition to having to raise prices, they have the problem that customers prioritize their purchases and spend less on fashion.

The competition you can find in store formats that want to match Zara. Just as there is an increase in competition in the sector, stores that offer products at lower prices.

By owning several chains with the same type of products and aimed at practically the same sectors, they compete and steal market share.

PESTLE

The PESTEL Analysis is a tool that helps you define the macroeconomic analysis of your company strategically. PESTEL is the acronym for the different types of external factors that affect the business:

• Political

Political factors can influence the business of the company.

The free trade policies of the European Union favour Zara's business. Zara is a Spanish brand, and this agreement has allowed them to obtain the supply of raw materials and export their products to the whole world without problems.

Recently expanding your business in multiple countries, you need to consider the government policies of those regions as the bureaucracy in some countries makes it difficult for foreign companies in order to favour domestic companies.

Political disruptions in countries close to the EU or where Zara operates can disrupt the supply chain and affect the smooth flow of business. In this sense, the changes of presidencies in Europe, even when under a European protection, can mean changes in the circumstances that favour the incursion into a certain country.

• Economic:

Like supply and demand chains, the availability of raw materials and labour play an important role in expanding a business. The rate of inflation, economic contraction and financial difficulties of the company are some of the reasons why a company may face difficult times when planning its growth.

As Spain is a country with a high unemployment rate, Zara can get cheap labour for its production processes. The low cost of labour and raw materials has helped Zara in the expansion of the business.

Zara is one of the brands that sells fashionable clothes at a competitive price, which attracts more customers. They have already established a loyal customer base and their strong brand image is helping them win new customers.

Zara is one of the brands that operate worldwide. Therefore, the global economy plays an important role in its growth. Global economic slowdowns can hurt business. The entire world is currently experiencing financial difficulties. This economic condition can also limit the financial growth of the brand.

- **Social**

Zara is a company that has a strong brand image.
As a brand that has a massive customer base.

Zara is a company that studies the target market very well, which results in its affordable price range and its high demand. The connection that Zara has with its customers favours its business.

The popularity of online shopping has been increasing due largely to the pandemic that forced the use of Internet purchases, as well as an increase in confidence in this system. Zara strives to offer a seamless online shopping experience. They are working to maintain a smooth logistics process to add to customer satisfaction.

Zara targets communities and age groups for trendy apparel and accessories. They offer fast fashion clothing in an affordable and attractive range.

It is essential to solve the problem that may arise with the sizes as it can cause the loss of customers.

- **Technological:**

The online presence of the brand is important to attract more customers.

They have a well-designed website that helps create an online presence to grab the attention of customers. They can target communities for online marketing and eventually increase their sales.

Using advanced technology and a global reach, Zara conducts market research to understand the demand of its customers. It gives them ideas about the sectors that need to improve.

They can have a smooth supply chain and logistics process using technological advances. Customer satisfaction will increase the rate of returning customers to the brand. Its RFID technologies help solve inventory and logistics problems.

The downside of this system in which big data is used to obtain specific data is that the competition also has access, and it can be a problem since they can get the same customers.

- **Ecological**

The practice of prioritizing environmentally sustainable businesses has started everywhere. It is inspiring companies to embrace green ideas.

Zara has launched several practices such as having an energy efficient store and increasing the use of recyclable items for packaging can be considered environmentally friendly approaches.

Since there is the possibility of a large amount of waste. Zara aims to optimize the manufacturing process to reduce waste. The company has already committed to making environmentally sustainable products. They respect issues including animal welfare, sustainable material, and biodiversity.

- **Legal**

When a brand operates in multiple territories, its business must be affected by the laws of the areas.

Trade and labour laws can affect the company's supply chain and production. Zara enjoys a smooth supply of raw materials and exports thanks to the EU's free trade policies.

The brand cares about providing the latest trending clothes for its customers, and this is when they can get penalized due to copyright and trademark issues. There may be accusations of theft of designs or concepts on them.

The laws of the countries where Zara operates may be decisive in the strategies that the company will follow in those regions to expand its business.

4.CRM



"It enables faster response time to questions and needs raised by consumers, provides effective maintenance of the customer database, and facilitates access to customer information for analysis and strategy development" – Efren Samonte (Commercial Director, Unilever Philippines).

When dealing with clients or potential clients, it is difficult to maintain an exact knowledge of the entire relationship that is created with the client, trying to collect all the information in any way possible and managing such a huge amount of data can be very difficult. In addition to the fact that this type of data is normally obtained, currently, it is created digitally, such as management data on the web, social networks or sales that occur online, managing and ordering all this information to be up to date, day is an almost impossible task. This is where customer-related solutions appear; the CRM -Customer Relationship Management.

Businesses have always relied on CRM tools to organize databases, qualify leads, and provide insight into overall business processes. The CRM is necessary to understand what your clients do and thus be able to help your teams to keep all the information related to this client, organized, and focused.

A CRM refers to the practices, protocols and technology used to develop, maintain, and manage customer data and interactions throughout the customer life cycle, it is a customer relationship management solution.

The objective of a CRM is to achieve optimal customer relations, to solve possible problems before they occur, to guess the trends in their actions and to ensure that we establish a direct relationship between the company and the client, making the company feel Become a trusted resource in matters related to your products and/or services, allowing you to control the sales processes.

As technology and business trends advance, CRM solutions and tools evolve, nowadays everyone has a mobile device, so it is logical that a CRM system applied to these devices becomes a much easier management.

It is essential for any business to establish a model for a CRM implementation, it is necessary to assess the basic aspects to determine what type of model will be more in line with the company, a team must be established for this purpose and the necessary resources to carry it out.

The first thing we must do is establish and identify the objectives that we intend to achieve with the CRM system. We will continue to form an appropriate work team for the project that must first evaluate the sales process to plan and learn about the alternatives and eliminate unnecessary steps. Once understood what the objective of the company and what is the best method can be applied.

■ CRM models

● IDIC model

"Customers are an asset and their value is one of the generators

Economic Equity of Companies", Peppers and Rogers Group.

This CRM model was created by Peppers and Rogers. This model suggests companies take four steps to build, maintain, and retain long-term one-on-one relationships with customers.

This model is key to assessing customer expectations and the value contribution they give to the company. This model offers a guide for identifying and using your customers' requirements and values as the basis for how you communicate with each customer.

IDIC is an acronym for process steps:

▪ Identify

The first thing the model does is identify your customers and potential customers. The objective of companies is to identify who their real customers are and to obtain this information they must have a deep knowledge of their customers.

By doing so, the company will learn about its pain points and various other factors. This helps develop better personal relationships with customers and categorize them into groups based on their needs, wants, and buying behaviours.

▪ Differentiate

Now, your targeted customers need to be differentiated based on the current and projected lifetime value you expect them to bring to the business, since not all customers bring the

same value to the business. Differentiating customers will help the company understand how much money and time to spend with each one. The company will provide more value to those customers who are generating more value for their business. You also need to differentiate your customers based on their needs.

▪ **Interact**

The initial two steps under the IDIC model lay the groundwork to prepare you for actual interaction with customers and prospects, giving you meaningful insight into customer demands and requirements so you can deliver personalized content and information to them. This shows your customer that you know their requirements, which makes them more likely to buy from you. The company must learn from each of its interactions to continually improve its future interactions.

▪ **Customize**

This is the final step for IDIC, it customizes its approach based on what it has discovered about its customers in the previous three steps. That means adjusting bids or offers to properly meet the customer's requirements or budget. The main objective here is to ensure that the expectations and demands of your customers are met. The company uses all the collected information it knows about its customers and sets its offers accordingly.

▪ **QCI Model**

This model focuses on customer management, leaving the relationship established between the company and the customer more to the margin. It starts with the customer's external environment, their business goals, pain points, and other factors that influence them like whether they're ready to buy or engage with your sales team, which in turn affects the customer's experience of the service. It is a model in which quality is sought and focuses on 3 main activities: acquisition, retention, and penetration.

The service customer experience affects the service customer proposition and service customer management activities. This QCI model looks at people and the technology associated with it, which keeps this entire system running. Many activities are created with the goal of acquiring and retaining customers of the service.

The QCI model also considers the people and technology involved in keeping this entire system running. The QCI model helps you review modern practices and produce a quantitative approach to improve the customer management process. This model is more of a customer management model than a consumer relationship model.

● **Analytical CRM model**

The Analytical CRM is one of the most important models used in companies since due to its characteristics they can ensure that the company can understand the needs of all customers and thus design efficient strategies aimed at achieving the objectives of the company.

Understanding what our customers expect from our company is the main task of this model and thus we can adjust our products and services to make them more attractive.

An Analytical CRM is a system designed from a broad approach to analyse data sets and customer interactions to improve all processes that involve different areas such as sales, marketing, and service management. This CRM model has the function of collecting data from the interactions carried out by the client from different communication channels to understand in depth their behaviour and purchasing habits.

The collection, organization and use of this information allows us to know the profile of our client and thus be able to design personalized experiences, products, and services. It is intended with the use of this system, the development of efficient strategies for customer loyalty and attracting other potential customers.

In addition to its features, this model allows the company to have benefits such as an increase in the effective conversion rate of potential customers. Additionally, it allows the company to design personalized experiences to the needs of the user, achieving effective loyalty.

Among the most important benefits of Analytical CRM, we must also highlight that they are important tools for generating different types of reports:

- Marketing analysis report

Reports of this type allow us to understand the context in which our company operates to generate new and better marketing opportunities and optimize processes. This type of report contains important information on consumption parameters considering demographic, sociographic, psychographic variables and especially the feedback from users based on the stimuli and marketing actions received.

- Service analysis report

It helps the company to obtain an overview of the user's perception of the services they receive from us. With these analyses we can measure user satisfaction and thus detect opportunities for improvement that we can have in our operating structure.

- Channel analysis report

This special tool that helps companies understand user behaviour through the different communication channels offered by the brand. It can be used to determine which channel is more efficient for each type of user.

▪ IDIC MODEL TO CRM MODEL APP

Zara is a company that manufactures 11,000 new products for sale per year, for which CRM is essential in the configuration of the company, it needs to attract customers and for its managers and supervisors with the information obtained.

Zara only consumes 0.3% of advertising revenue and marketing compared to 3-4% of the business.

Zara's goal is to efficiently collect information, evidence and statistics about its sales to create good and positive customer relationships.

The company has expedited the collection of data from its customers to improve its products and services.

Zara uses a plan in which it visualizes 6.8 billion connected on Instagram, Facebook, Google, Twitter, etc. Check 400 million tweets. On average, 80%6 of mobile users check their phone at least 4 times every hour.

The company has multiple ways to obtain data, such as Social Server, Social Tag, Social Reactions, CRM ID Recognize User, Create Cookies or Session Integrate CRM ID with Google Analytics and all data tracking through Cross Domain USER.

When applying the IDIC model, the best way to use it is in the online sales option.

Identify:

Customers who want to access the online sales service must register, in this way data about the customer is obtained, at the same time to access the service they must activate their account in which purchases and interests will also be registered.

Differentiate:

The company will be able to decide on the value of customers due to their purchasing volume by establishing a value organization.

Interact:

Once the company has specific customer data, it can establish a more direct relationship in which we can offer advertising tailored to interests, such as possible offers or discounts.

Personalize:

In the last phase, the company can focus offers and discounts on a personal level in such a way that the client has a perfect interaction relationship with the company and their expectations are met at the highest level.

5. Recommendations

A CRM is a tool that every business should have. Although there are many functions that are not used and can help the company to meet its objectives and sales.

Next, I am going to show some recommendations for a correct and efficient use of a CRM:

It is advisable to segment the database, must consider two essential points, which would be that not all customers bought the same product and that not all customers are in the same phase of the purchase process (recognition, consideration, decision).

Taking these data into account, I would like to suggest that you first divide contacts between customers and potential customers. After this, segment customers by product and potentially separate customers depending on the stage of the purchase process they are in, the greatest benefit they can be shown to customers is the ideal message according to their stage of interaction. Perhaps it is a good option to use automated marketing tools that will enhance the results, it is very logical, since by segmenting the database, you will be optimally hitting the content that is sent to each of the clients.

Another recommendation that I would like to make is that the company should consider the purchase process that a client has with the business, there may be key sub-phases that influence the closing of a new client or the upselling with a current client. It is very useful to identify these stages and include them in each client to know specifically what the next step is and send the content that will move the client through the purchase process.

I also recommend that the company has to train the marketing and sales team so that the company can get the full potential of these tools, it is necessary that the team commit to using them all the time. It is important to clarify at what point a client ceases to be the responsibility of one team and becomes the objective of another, for example, the marketing team and becomes the objective of the sales team. It is essential that staff know how the CRM tool works and is qualified to upload data to it constantly or review it if it is automated.

To end my recommendations, I must add the use of the inbound method, which consists of guiding potential customers through the different phases of a purchase process through relevant content and digital tools.

To achieve this, valuable content must be created and in a segmented way, prepare the necessary tools to attract customers, create automated marketing, the team must be involved and finally, the results, consistency and continuous optimization must be measured.

6. Conclusions

Even though the CRM concept has been carried out empirically by businessmen, it is necessary to take this tool to a more optimized environment because in this way it will be possible to have full control of the internal processes of the company, and it also supports to the correct flow of information and correct interdepartmental communication. On the other hand, CRM is not a departmental initiative, it is a company-wide approach.

The CRM does not need large investments. It should be done in phases and if you decide to invest in technology, let it be to culminate a CRM habit in the company. This strategy is not going to happen only thanks to the acquisition of software, the company that opts for a CRM, first needs to establish what kind of information about its customers it is looking for (since not all the information that exists reaches useful), as well as determining exactly what you are going to do with that information and applying it to get results.

Companies must strategically plan each of the points related to the implementation of a CRM, with the aim that its results are what is being sought.

A CRM is part of a business strategy that uses information technology, focusing on creating relationships with customers, in such a way that precise knowledge of their needs, interests and purchasing patterns is achieved. CRM is a business strategy planned to manage customers, to optimize their LTV (Lifetime Value), reduce costs, guarantee and increase their fidelity.

To conclude I would like to add that CRM needs a business philosophy (customer centric) and culture that supports CRM processes.

El CRM is a long-term oriented strategy and must be based on a radical change in the company's strategic orientation.

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