

UNDERSTANDING AND ENGAGING IN THE CUSTOMER EXPERIENCE

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1.Executive Summary

In this report I am going to analyse how the company uses all its resources to provide a good service, with the highest quality and guaranteeing that the client will pay as little as possible. I am going to try to detail the most relevant aspects of the company using study tools to publicize the situation of the company, its internal and external characteristics.

2. Introduction

"If people believe they share the same values with a company, they will stay loyal to that brand."

Howard Schultz

In this report I want to try to analyse the company in relation to the client from an objective and analytical perspective, applying the techniques and tools learned in class.

The main objective of this report is to deeply analyse the Lidl company, from its beginnings and evolution, I also want to analyse the company using tools such as swot in which I will analyse its strengths, weaknesses, opportunities, and threats, in order to understand the company internally and I will use the Plague tool to describe the company politically, economically, socially, and technologically.

The importance of this report is to know how the Lidl company relates to customers and how it manages its resources to offer its products. I will also show how the knowledge obtained in class about this company is applied. I will analyse the quality processes defining as quality the set of properties inherent to a thing that allows it to be characterized and valued with respect to the rest of its kind. And defining as management the set of operations that are carried out to direct and manage a business or a company.

Applying the quality processes, make known the discrepancies between the expectations of the users and the perceptions of the Management, the discrepancies between the perception of the client's expectations and the specifications of the quality of the service. Discrepancies between service quality specifications and service delivery. And finally the discrepancies between the provision of the service and external communication.

I will cover the importance of customer relationship management (CRM), which is an integrated management of sales, marketing, customer service and all contact points.

3. Background of Lidl



The Lidl supermarket chain is one of the best known in Europe. It currently has more than 10,500 stores in 30 different countries. Its owner, Dieter Schwarz, is the 54th richest person in the world according to Forbes, with a fortune of \$19 billion. However, the beginnings of this company were much humbler.

The Lidl company was started in Germany in the 1930s, and due to its success in selling retail products spread throughout the country, it had serious complications during the second world war.

In 1989 it made its foray as an international company, opening stores first in France and later expanding throughout Europe and the rest of the world.

As curiosities I can add that the company is the second largest retail chain in the world. It is the company with the most employees in Germany and the largest retail chain in Europe.

Schwarz Gruppe GmbH is a German distribution group, privately owned by the family that owns and operates the Lidl and Kaufland brands.

SWOT

"The general evaluation of strengths, weaknesses, opportunities and threats is called SWOT analysis (strengths, weaknesses, opportunities, threats.)" Philip Kotler.

SWOT analysis is a widely used tool to determine 4 four most determining forces of a company, a brand, a product, or service. These 4 forces are: strengths, weaknesses, opportunities, and threats.

With this analysis, it will be possible to identify the internal and external aspects that have the greatest impact, so that there is a global vision that allows the development of future strategies to mitigate risks and strengthen the positive aspects.

Strengths

Lidl is one of the fastest growing supermarket chains in the UK. It now has more than 800 stores and 13 distribution logistic centres across the country. It employs around 22,000 people across the UK.

Lidl is a well-known discounter that allows customers to make bulk purchases for little outlay. It is committed to providing customers with the highest quality products at the lowest possible prices. It also focuses on selling locally produced products, most of the company's products offered in the UK come from British suppliers.

The vast majority of the products sold at Lidl are own-brand products. This allows the company to control both manufacturing and supply chain costs. Lidl also offers many special offers that save customers even more money, while increasing sales volume.

Lidl has won several awards over the years. It won Cheapest Supermarket 2020 for Which, Fresh Flower Retailer of the Year at the 2017 Retail Industry Awards, and Most Reputable Supermarket in the Ireland Reptrak 2020 study.

Weaknesses

Lidl has a relatively small number of employees in each store to help customers search for products and address their queries. Likewise, Lidl stores are also relatively small.

Lidl's reputation was put at risk when it was accused of spying on its employees across Germany in 2008. The accusation came from the German news magazine Stern, which investigated Lidl stores in Germany. Lidl was also one of the supermarket chains affected by the UK horse meat scandal in 2013.

Lidl faced supply chain challenges in early 2021. It had empty shelves as drivers had refused to adapt their delivery process in response to a shortage of drivers in the UK.

Opportunities

Currently, Lidl has more than 11,000 stores in 32 countries. Lidl is one of the fastest growing supermarket chains in the UK. Its growth potential in the UK is simply great, particularly in the capital, London.

Lidl has great opportunities to grow in the US. In fact, it has a plan to open up to 600 stores in the country. Currently, it has around 300 stores in the country.

Threats

The most direct threat is competitors challenging Lidl in the UK and other European countries. One of the biggest challenges is Aldi as it also offers discounts. Other competitors in the UK include Tesco, ASDA, Sainsbury's and Morrisons.

Changes in consumer behaviour and any political instability in Europe can have a significant impact on Lidl.

PESTEL

PESTEL analysis is a descriptive method used to understand the context of a company. It seeks to delve into the elements that surround a business, for example: economic, political, environmental, sociocultural, psychological, or legal aspects.

• Political

One of the biggest challenges facing the expansion of lidl in American territory are the policies that former President Trump applied in favor of consuming national products, directly affecting the laws that regulate the international market, making it difficult for stores to penetrate the American market. other countries.

The departure of the United Kingdom from the European Economic Union has produced a significant rupture in economic and political relations that until then were positive for external markets. In fact, with Brexit, products brought from Europe pass through a tariff border. that aggravate them and cause the low price relationship in products to be more difficult since it causes the company to reduce its benefits. At the same time, the Pound-Euro currency exchange relationship is low, due to current inflation and the current war between Ukraine and Russia, which is also causing high energy and fuel costs, making an increase as products are inevitable. causing the client to see you increase their usual spending.

• Economic

Due to the company's low-price sales force to look for a low cost in the production and distribution chain, this problem is aggravated by the high cost in the discount chains. So for the company to obtain benefits, a very large sale of discounted products and low cost for the customer is necessary. On certain occasions, products are offered that are practically at cost of sale price in which the company does not obtain direct benefits but forces customers to buy in the establishment, causing them to purchase other products.

• Social

The business models used by the lidl company based on sustainability give a great business opportunity to national companies that mutually benefit from selling nearby products, helping the environment since the movement of large quantities of products and associated pollution are avoided. that this entails.

At the same time, the sale of local products means that more discounts can be established because the cost of that product is lower.

Employee satisfaction is very important since they are the ones who serve customers, place their products and transport their merchandise. It is essential that workers are happy in quality of work environment and salary. The scandals that have occurred in Germany regarding the espionage of its workers have caused distrust of the company to be created.

•Technological

The Lidl chain employs the use of digital technology using Software AG web Methods Integration Platform and Enterprise Service Bus to harmonize the exchange of data between its warehouses and national systems and its Central Retail Information System.

With the implementation of this Software AG web Methods Integration Platform solution, Lidl can exchange data in real time between its 10,000 stores and the head office. As part of the transition process to the new electronic Lidl Retail Information System eLWIS (SAP), the platform has allowed a quick and easy integration with all existing systems.

René Sandführ, Executive Vice President of IT ERP Systems at Lidl commented: "Thanks to the flexibility of web Methods, we have completed the integration of more than 30 systems from the existing infrastructure into our new retail information system."

Another advantage is that the connectivity between warehouses and the head office allows the company to access different levels of inventory in real time.

Lidl has been working with Relex's solution for forecasting and replenishment to drive transparency and flexibility throughout its supply chain. This partnership allows Lidl to meet its goals of higher availability, lower inventory levels and reduced out-of-stocks.

Working with Relex gives Lidl more transparency over its supply chain, allowing the retailer to react quickly and flexibly to changes, especially valuable at the start of the pandemic.

Relex supports Lidl specifically by automatically considering the multitude of factors that influence demand in its forecasts, both at the store level and along the entire supply chain. At the same time, due to its rapid adaptability, the Relex solution allows standardized processes to be established with maximum flexibility.

• Legal

Lidl is currently in a process of legal action to determine the salary increase since an increase by the government in the minimum wage would mean a large outlay for the company due to the large number of workers.

Kroger filed a lawsuit against Lidl, in the lawsuit, Kroger alleged that Lidl's "Preferred Pick" private brand intentionally established a similar name and logo to Kroger's established "Private Pick" brand. Both companies use the respective brand names and logos to indicate their premium level of private label products.

Kroger's complaint accused Lidl of federal trademark and service mark violations, unfair competition, dilution, and said it violated the Virginia Consumer Protection Act. Kroger said it was seeking damages of more than \$75,000 and an order that would prevent Lidl from selling those items.

• Environmental

Lidl's commitment to the environment is great.

Lidl begins the process of replacing, in its cleaning and cosmetic products, ingredients that contain microplastics with other more environmentally friendly materials such as pumice stone particles or bamboo particles.

Lidl will eliminate microplastics from the more than 250 cleaning and cosmetic products that it currently sells under its own brands.

Hand in hand with its suppliers, the company is reformulating these items, betting on more environmentally friendly alternatives such as pumice stone particles in exfoliating shower gels or bamboo particles.

The company is aware of the environment in such a way that it employs a maximum recycling and energy use organization in its stores, establishing education programs for its firm employees that instructs them to be as efficient as possible in terms of recycling. and efficient use of energy.

4. CRM



"Treat objections as requests for more information." —Brian Tracy

CRM stands for Service Customer Relationship Management. CRM helps companies develop strategic processes with which they can earn customer loyalty by offering optimal service and exponentially improving the buyer's experience. The company uses this strategy that we make essential when trying to develop a culture that focuses on customers and how customers engage with the company to look at managing and optimizing their relationships, and thus forecasting future interactions. with the clients.

CRM is a very useful tool to examine data about the interactions that have occurred between customers and the service that the company has offered, in this way progress can be made by improving services and thus achieve retention and be able to offer advantages.

The foundation of CRM is focused on seeking user knowledge in order to meet their needs, exceed their expectations and offer improvements. In this way, if a company manages to carry out this process optimally, it will be able to be above its competitors by having privileged information. To obtain the information, technology is used, specific software is used that helps us directly and

significantly in the process of managing and obtaining data.

The purpose of a company is to offer products or services in order to obtain benefits, any business aims to obtain the maximum possible benefit. So, applying CRM with the purpose of optimizing the relationship that the company has with its customers to increase the advantages and achieve loyalty.

In companies, the most valuable customers emerge, they represent twenty percent of the customer base since they produce eighty percent of the income. Due to the great importance of these clients and that they produce more income, loyalty, and value than other clients, we must include them as an essential part of the company's strategy.

By having these most valuable service customers, companies can improve their profitability and competitiveness in the long term.

Lidl offers a multitude of channels for contact, be it email, telephone, chat, and a complaint form, as well as its personal app for each client. Through these means, the company can generate a database on the company's relationship with its clients, At the same time that a direct form of contact is offered, it is possible to accumulate information that will be used to improve the company's relations with customers.

CRM models:

• IDIC model

The IDIC (identify, differentiate, interact, customize) is a model developed by Peppers and Rogers (1995). The model was created as a generic plan to incorporate CRM in a plurality of situations, it helps to evaluate the expectations of the clients and its value for the company. It is an effective tool in creating a guide with which companies can carry out their actions by engaging customers and working to meet their expectations.

• Identify

The first step is the identification of customers. When contacting the client with the company, an attempt is made to make a report with the name, address, purchase history, search history and any contact that has been made between the client and the company.

In this first phase, an attempt is made to accumulate as much information as possible about all customers to be able to offer better services, since in this way the company's knowledge of their needs, desires and behaviours could be optimized.

• Differentiate

"Differentiating existing customers based on their needs helps to develop promotional strategies or develop personalized customer service strategies" (Charantimath, 2011)

The next step is to differentiate the clients, it is necessary to distinguish each client and place them according to the interest of the company, it would be to divide the clients based on their current and projected life value, in this way the clients are well organized according to the value they have for the business.

The objective when separating customers according to their value for the business would be that the company can prioritize the relationship with the user in the customers that are of greater importance so that the interactions that they carry out with the company are more effective and optimal and a perfect profitability.

• Interact

"Interactions with customers help to understand customer expectations and their relationship with the company's products and services" (Eko, 2014).

It is the third step, in this part is where you can apply the CRM plans that the company has decided are the most optimal to interact with customers. The company is more efficient because when customers interact with the company and can be analysed and classified, the company can create tailored interactions, customers can be offered valuable loyalty benefits or rewards that make customers must meet an objective and thus increase progressive spending.

The company has to maintain the objective of improving the interaction with the clients in each contact so that in this way a joint evolution of the client and the company is achieved towards a perfect understanding.

• Personalize

This is the last stage of the model, it is done after examining the interactions with the clients, a more concrete and specific service can be developed so that it is completely adapted. The maximum objective at this point is to ensure that the client meets their needs and expectations, as well as trying to go one step ahead to try to find out what they want, all in a personalized way.

• QCI model

This model differs in that it is not a model for customer relationship management, this competitive quality index model has as a priority to focus on three main activities that are acquisition, retention and penetration, the QCI model is a customer management model. It starts with the customer's external environment, their business objectives, pain points, and other factors that influence them.

The first thing that the model analyses would be the client's environment, its external part such as pain points, business objectives, any factor that affects their possibility of acquiring a product or service, as well as the possibility of interacting with the sales team. since it directly affects the customer experience. It would be looking at the people and technology involved in keeping the whole system running.

It is evident that the customer experience affects the proposal to the customer and the steps that are concluded from this interaction. The company uses many resources to acquire and retain customers, after all, the process begins with customers and ends with them.

The QCI model helps you review modern practices and produce a quantitative approach to improve the customer management process.

Lidl offers a multitude of channels for contact, be it email, telephone, chat, and a complaint form, as well as its personal app for each client. Through these means, the company can generate a database on the company's relationship with its clients. At the same time that a direct form of contact is offered, it is possible to accumulate information that will be used to improve the company's relations with clients.

• Analytical CRM model

Analytical CRM uses various data stores to understand customer behaviour.

This model seeks to analyse customer behaviour in order to offer them a better service. Design segmented commercial actions. Evaluate and measure marketing campaigns and their effectiveness and structure all the information from customers in databases.

In summary, the Analytical CRM tries to exploit and analyse all the information contained in the customer databases, to learn about them and offer business solutions that are appropriate to their needs.

These types of tools can help you extract insight and very interesting marketing ideas and your audience if you have a lot of data from previous campaigns and your current customer base.

This type of CRM is very complex to use and has a very high learning curve.

• Application of IDIC model to Lidl's CRM problem

A big problem that the company faces to be able to carry out an optimal CRM is the identification of all its clients to be able to elaborate the best relationship plan with the company.

Identify

The company created an app called Lidl plus, once registered a QR code is assigned. This code must be scanned to cause identification with the activation of the client's personal account. In this way we can obtain a personal identification and the company can collect the registration data in addition to recording the purchases you make.

Differentiation

In this process, the company will be able to classify customers according to their purchase volume, determining which customers are more valuable.

Interact

The Lidl company applies discounts adapting to each individual directly, as well as offering rewards for reaching a monthly purchase limit, thus establishing a very close and personal relationship between the company and the customer, ensuring that the offers that are offer are exclusive to the client.

Personalize

In this section it can be applied that Lidl would use its app for a perfect integration since the offers and information offered to each client is personal and applied to their previous purchases since there is a history. With this, a perfect relationship is achieved in which the client benefits from his loyalty and is rewarded by causing continuity.

Before this Lidl plus application, the company had no other means of directly interacting with the customer, there were other means such as email, telephone, or chat, but it focused on queries and claims. By applying the app, they get their own database that is also fully adapted to each client, being able to provide an optimal relationship service both in final and informative sales.

5. Recommendations

The tools that we use for CRM are still software, therefore it is very important to establish which strategy is the best for the company, it is essential to identify which are the valuable data that need to be collected in the database that the company wants to develop.

It is advisable to focus on data collection, just as it is highly recommended to involve the team in the importance of this for the company.

It is advisable to constantly update your database, it is logical to think that since the CRM system is a collection, storage and processing system, it will require constant data entry. But if it is intended to have quality in data collection, it will depend on the quality of the CRM. With this, it is essential that the system is always updated, with accurate data, as well as a continuous review to avoid redundancies and ensure that the information present is reliable.

It is advisable to enter the data about the moment of interaction with your customers, one of the most valuable data that can be collected in the database system is how the customer has interacted with the company for the first time. Thanks to the multitude of possibilities offered by new technologies, buyers can reach the company through the website, social networks, email, etc.

So, collecting the data on the origin of the customers in the database will be of great value. The company will be able to analyse and interpret the data to carry out one or the other commercial strategies.

Another recommendation is to determine the moment of the purchase process of the clients, for this a CRM must be used that allows the company to enter data referring to the exact moment of the purchase process in which the clients are, so the company can segment its commercial strategies based on the moment of the purchase process of clients or potential clients.

In this way, there are products that have a fixed life cycle so the company can estimate when the customer will interact with you again. The company would be able to use a CRM to schedule a follow-up on when they are going to start considering a new purchase.

Another serious recommendation is to unify the databases of the company's departments, it is the best option to be able to get the most out of the CRM. The company will have the capacity to analyse and interpret, in a single tool, all the data that comprises the entire sales process, from its start-up to its completion.

And to finish with the recommendations, I suggest the importance of implementing a multi-device system. It is evident that our lives are immersed between smartphones and tablets, so it is recommended that the database be configured so that it can be accessed from any device. The fact that the system is adapted to any device will allow the company to manage with greater speed and accessibility.

6. Conclusions

Customer relationship management is an essential component of every part of the business. It is not just limited to customer service but applies to the entire customer lifecycle throughout their journey.

Buyers need a CRM to manage their customer relationships. And building lasting customer relationships is vital for businesses, as it helps your brand stand out from the competition and gives customers reasons to connect emotionally with you.

All companies are different; however, the basic principle of success is always the same. Therefore, having a strong customer relationship foundation is the foundation of any business.

So, it is proven that the CRM developed as a strategy increases customer satisfaction in measurable terms, reduces communication costs, facilitates the directing of efforts to specific customers by concentrating based on their needs, it facilitates campaign monitoring and allows companies to compete for customers, regardless of pricing strategy.

We must understand that the entire CRM process includes people, tools, activities, data transformed into information, knowledge extraction specific and visualization of reality. And that based on knowledge, the most appropriate and timely decisions and actions are taken.

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