



**UNDERSTANDING AND ENGAGING IN THE CUSTOMER
EXPERIENCE**

**ORGANISATION'S QUALITY SYSTEMS AND
CUSTOMER RELATIONSHIP MANAGEMENT**

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EXECUTIVE SUMMARY

The customer experience is different from the past and businesses started to become more tactical with their digital engagement. Businesses must provide personalised customer experiences to all their customers. Apart from building sustained connections through different digital touchpoints, they must as well combine digital engagement with real time data intelligence. The power of customer experience management.

Pandemic has led many to turn to digital channels such as shopping and communication. Customers became more experienced and comfortable to use digital in different ways and everyday use. Due to customers increase in digital interaction they expect to receive support from customer services twenty-four hours a day.

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1. INTRODUCTION

The purpose of this report is to identify how have internal and external factors including Covid-19 affected M&S quality systems and controls for customers. Furthermore, to outline the importance of quality process and (CRM) Customer Relationship Management and potential bottom line benefits of excellent customer experience.

The importance of quality management process system assist company in reducing costs, improving performance, reducing waste, and providing a structured training for new and current employees. It is important to improving business operations and allowing it to meet customers requirements. Regarding quality, it is important for satisfying customers and retaining their loyalty, so they continue buying from the company in the future.

Quality management system implementation affects every aspect of an organisations performance since it is a collection of business processes that focus on meeting customers requirements. The system is essential for improving business operations, ensure high quality products and services by eliminating defects and incorporating continuous changes. High quality products offering help to build trust and loyalty with customers.

Customer relationship management helps businesses build a relationship with their consumers that in turn creates loyalty and customer retention. In general, customer loyalty and revenue are both qualities that affect company's revenue. All businesses benefit from CRM because it reduces repetitive tasks, so these automation tools streamline companies' operations and the result is more productivity, less workflow redundancy.

Excellent customer service guarantees support to customers, exceeds their expectations offered by company therefore If the customers have great experience with business service and support teams, they will be more likely to shop again from the company and share their positive experience with others. M&S is British value-for-money retailer focused on own label business, including food, clothing and home and bank services in the UK and internationally.

2. COMPANY CONTEXT

The beginning of Marks & Spencer started hundred thirty years ago when Michael Marks the Jewish immigrant came to the England from his hometown of Slonim, Belarus. He came with little money and spoke poor English. The business started as Penny Bazar in Leeds back in 1884. In 1894 Michael went into partnership with Tom Spencer and the company started to take shape and few years after the company became first British retailer to make a pre-tax profit of over one billion pounds. M&S has currently nine hundred fifty-nine stores across the United Kingdom including six hundred fifteen that only sell food products. In 2011 they decided to sell not only clothing but food as well.

Marks and Spencer PLC are an international retailer with headquarters in London. The company specialises in selling clothes, home products and food products. In 2018 they were confirmed that hundred stores will be closed by 2022 and in 2020 the company stated that they were to cut seven thousand jobs over the next three months owing to the coronavirus pandemic. In May 2021 the company announced closing another thirty shops over the next ten years.

M&S adopted a HACCP approach to ensure food safety. HACCP must be evaluated out for each product in accordance with HACCP Code of Practise. Their policy is to provide open and clear product labelling to allow customers to make choices about the products they purchase. Their products are made exclusively for M&S and its unique position means they are nor comparable with the rest of the market. They focus on developing top quality that are competitively priced whilst ensuring their suppliers get fair amount too.

Covid 19 outbreak forced the M&S retailer into multimillion pound losses. The difficult trading conditions have had a big impact on the retailer, but they adapted to online sales, and they also have been in regular communication with their suppliers to ensure that there are fully supported and the needs of workers within their supply chain as well. While shops were affected by coronavirus and forced to closed, customers moved to their website, were sales surged thirty-four percent, however, it was not enough to offset the impact of the lockdown, but food sales were up by three percent

They expect to shift and focus more on clothing from formal to athleisure as it points for recovery after being driven to a two hundred and one-pound loss by the pandemic.

M&S has already closed fifty-nine full line stores plus fifteen foods only sites and eight outlets under previous plans.

Lockdowns and store closures forced companies to sell their product and services only online. As the world of retail is evolving and developments in technology have led to the growth of ecommerce, it makes it easier and safer during covid-19 for businesses to sell retail goods. Considering this, retail customer experience has also evolved. Customer experience must also be consistent across all touchpoints to ensure customer needs are met. During covid 19 the retailer shifted to “never the same “transformation strategy. From their food stores customers can pick up or return their homewares and clothing orders.

M&S has used a range of approaches to bring digital in store and to take in store service online such as with live shopping. Its in store digital click and collect service supports self-service returns. In store services have also been taking online. These include online consultations and virtual bra-fit appointments. To access these services is through M&S APP. Loyalty is at the heart of their multichannel services. As a strategy of digital transformation has been a key in recent times M&S.

M&S attracts people older generation while younger is unnoticed. M&S has been around for a long time and the store shoppers tend to be older then in other rival shops. However, M&S is now looking to appeal to younger shoppers, with a new strategy involving photo-sharing social network Instagram. Another way M&S want to make its brand attractive to younger audience is with a new great photo search feature named styer finder. M&S launched the most sustainable denim range yet offering their customers quality.

The company launched also two projects that can help them to reach workers in their supply chain in new and more effective ways. In food they introduced a device-based app developed with nGaje which asks workers directly about their experience in working in factories in the uk and Ireland.

Pestel analysis

Political – political stability and taxes. If government increase taxes M&S prices on their products will increase and this will have negative effect on the sale.

Economic – inflation rates, financial crisis led to decrease in demand for quality products.

Social – different markets, changing trends.

Technical – technology transformation to become digital

Legal – health and safety,

Environmental – sustainable practices

3. MODEL REVIEW

There are different types of customer relationship management software's that focuses on specific key functions to manage customer relations and each of these customers relationship management solution has some similarities. However, each serves and supports some different purposes when it comes to business operations.

CRM is business strategic tool that help businesses to achieve their goals and objectives. This tool is enabling organisations to identify and target the valuable customers, integrate business process effectively, develop competitive advantages and manage marketing campaigns also it allows matching the perfect product or service with customers requirements.

Operational customer relationship management (CRM) streamlines all customer communication with the company across various departments. It encompasses sales, marketing and customer service functions. Organisations which implement CRM successfully, will gain customer loyalty and profitability. One reason of CRM failure is viewing CRM only as technology. To make it successful organisations need to integrate and make balance between process, people and technology. Grey., Byun. (2001) defined CRM as "company's approach to understanding and influencing customer's behaviour through meaningful communications to improve customer acquisition, customer retention, customer loyalty, and customer profitability".

CRM analytical is an essential part of managing customer relations, it gathers and analyses consumer data such as sales, financial, marketing. Analytical CRM collects data about their customers interactions to increase customer satisfaction and customer retention rates. When companies know a user preference, they can meet their needs in a particular way, but it is necessary to monitor their touchpoints. Once the Customer Relationship Management collects and analyses customer data and understand customers' needs and behaviours, they get better understanding into consumers journey and opportunities for upselling.

CRM operational is a centralised system that support sales, marketing and customer service functions that stores information about customers and employees using a shared interface. These operational CRM has three main components which are sales, marketing and service. Moreover, Customer Relationship Management can handle tasks with less work and brings two main benefits which are: more sales and more loyal customers.

CRM Value Chain as Porter (2001) “describes the five overlapping stages in the evolution of technologies in business: automation of discrete transactions, functional enhancement of activities, cross-activity integration, integration of the entire value chain, and the organisation of various activities in the value chain in real time”. The CRM value chain model aid the organisation in creating customer value and organisation profitability. Through value chain analysis of organisations can evaluate primary and secondary business functions and to identify ways to improve efficiency and increase value. Organisations wants their customers to know their product exist and therefore to understand the value it brings to them. In addition, to identify what customer, perceive as valuable, why and how they purchase products organisation need to collect quantitative and qualitative data to predict their intent. Usually, the product value comes from factors such as friends and family that influence people to make that decision and make the purchase.

CRM collaborative works to facilitate the customer experience where the goal is to create a superior customer experience in terms of the quality of the customer experience before, during and after sales. Collaborative CRM enables businesses to collect, store, organise, and share customer information across multiple teams. But the main purpose of collaborative CRM is to foster customer loyalty. This CRM allows businesses to interact with customers online.

Marketing mix 7Ps are product, price, promotion, place, packaging, positioning and people. As products, markets, customers and needs has changed and they change constantly, so organisations must continuously revisit these 7Ps to make sure they are achieving the maximum results possible. Marketing mix is a framework that highlights the principal decisions that marketing mangers make in configuring their offering to suit customers needs. There is no doubt that the changes in the social and economic environment have a strong impact on the marketing mix.

Ansoff matrix is a strategic tool that helps marketers identify opportunities for future growth. Firms use this tool to analyse and plan their strategies for growth. The Ansoff matrix shows four strategies that can be used and it also analysis the risk associated with each strategy. The four strategies in the Ansoff matrix are market penetration, market development, product development, and diversification. Penetration market strategy focuses on increasing the volume of sale on existing products to the organisations existing market. Product development focuses on reaching the existing market with new product

Communication mix involves all the tools company use to communicate with customers or potential customers which could be through advertising, social media, websites for example because the communication mix and the marketing used within it are very important in today's day and age. So, this is the way organisations communicate with their customers. Direct marketing and digital marketing if used correctly can be very effective. Using online and offline outlets, sales promotions create deals on products in order to increase sales.

IDIC Model is a generic blueprint for implementing CRM in variety of situations specifically helps to assess the expectations of customer and their value to the business such as identifying customer expectations, differentiate customer expectations, customer interactions and customisations to meet customer expectations.

Advantage

There are three main types of CRM, and these are operational, analytical and collaborative and the key principle which CRM company select start with a vision, needs and goals.

Customer relationship management technology is for managing all company's customer relationships and interactions, so the goal is to improve these relationships as these are the advantages which helps company's offer better customer service. Customer satisfaction is top priority.

CRM monitor and incorporate information from so many sectors, omnichannel CRMs bring together the sales, marketing, and customer support teams over data in ways that previously seemed impossible.

Disadvantage

Problems in implementing can cause major problems for the company. There are a lot of software options to choose from and pricing plans therefore is important to consider the pricing. People within a company may cause difficulties with CRM implementation, everyone needs to know how to use it so they must create CRM strategy to implement and complete CRM otherwise it may result in loss of revenue.

4. MODEL SELECTION

M&S Swot analysis

M&S is British multinational food and retail company founded hundred thirty-eight years ago so they market experience is their strength. The company has a good reputation on their quality products. (S&P.com)

STRENGTH	WEAKNESESS
• Recognised retail brand • Quality products • Own brand • Variety of products • Customer focused	• Declining sales – supply chain issue • Poor financial performance • Clothes for young and teenagers
OPPORTUNITIES	THREATS
• Developed website • New market segment • Global expansion • Online store	• High competition • Changing trends in clothing segment.

Although M&S have taken drastic measures to secure cash flow and maximises sales, they emerged with debt and losses during pandemic, so their priority was to secure its debt facilities to provide for the cash requirements to ensure there is a protection in this uncertain market. The company now operates in a way they never did before as customers shop demands changed. M&S is working on their transformation to thrive in a new consumer landscape. M&S Clothing & Home reshaping declined revenue, so they are exploring other changes.

One of the fastest growing management approaches being adopted by many organisations is customer management relationship (CRM). CRM model selected for M&S retailer is CRM Analytical which does not need to be handled manually and is salesforce, powerful, accurate solution designed to provide users with single, unified system which means an integrated software tool that consist of multiple business functions that are all combined into one. It

enables companies to manage procedures from one place. In theory, it is a great way to nurture customer relationship and take the business to the next level. The multichannel marketing environment is becoming increasingly prevalent in recent years. Firms and their customers can interact via brick-and-mortar stores, catalogues, online stores, emails and in recent years mobile platforms, and multichannel marketing become an important tool to motivate customers to shop more frequently through increased interaction and to build lasting customer relationship. (Hansotia and Rukstales, 2002, Rangaswamy and Van Bruggen, 2005).

M&S intend to become an online winner in Clothing & Home and Food. Their aim is to restore M&S to sustainable, profitable growth.

The solution for retail M&S is Analytical CRM that will help the company to increase customer satisfaction and customer retention rates thus understand their customers and providing them what they need. Analytical CRM is the best way to boost company growth. How can store owners handle whatever disruptions come next? The answer lies in data and analytics.

Consumers are now interacting with multiple devices, in multiple channels every day. It is important for companies to have a multichannel CRM. Many companies suffer from the gap between basic web and advanced web analytics that are necessary in order to gain greater insight into customer behaviour. M&S have a long-term plan to combine all their channels. On the other hand, the level up is omnichannel strategy which is like multichannel but provide more superior customer service experience. Omnichannel approach is to focus on providing seamless customer journey across multiple channels which means smooth transition. In addition, multichannel firms are looking for strategies to increase customer retention and avoid customer churn, as the cost of customer acquisition are much higher than that of retention and small increases in retention could drive large profit increases. (Pfeifer and Farris, 2004, Reichheld and Sasser, 1990). Customer retention is critical, focused on existing customers therefor the goal is to increase repeat purchases by building customer loyalty thus increase customer value in multichannel settings.

Most extent research on customer retention has either focused on highlighting the importance of retention on customer lifetime value. (Gupta and Lehmann, 2003, Pfeifer and Farris, 2004, Reichheld and Sasser, 1990)

The CRM analytical system performs functions of keeping data and customer records tracking, order process and payments. This CRM identifies the specific customer segment that offer best opportunities. It takes the information business is generating about customers

and analyses it, so company learns how to improve operations. This data can come from different channels, like social media, live chat, purchase record. All this data is in one place. Then organisations can streamline their business process like sales for example. Detailed customer profiles are useful to ascertain preferences and gain a better understanding of the customer lifecycle. Analytical CRM mine data received which involves the process of extracting and discovering patterns in large data of machine learning, statistics, and database systems. The goal is to transform the raw information into clear structure for further use. If organisations need more powerful analytics, they can pair CRM with sales hub or marketing hub.

Customers who are accustomed to shopping in a single channel may have different retention probabilities than customers who shop in multiple channels. As the previous literature asserts, multichannel shoppers are more active (Kumar and Venkatesan, 2005) exhibit lower churn rates, and demonstrate higher propensity to buy more (Stone, Hobbs, and Khaleeli, 2002). Some CRM programs include tools for identifying people who visit the company website, sign up for company newsletter or engage with them on social media.

“Can social media marketing activities improve businesses performance? “(Hoffman and Fodor, 2010) M&S is selling anything but no clothing for young adults and teenagers so to target teenagers or young adults the best media platform is Instagram and Snapchat. Selling through Instagram Story Ads or Snapchat communication. In addition to facilitating interpersonal communications, social media applications have enabled customers to interact with business organizations and have empowered them to take an active role in co-creating their experiences. (Prahalad and Ramaswamy 2004). This is an incredible opportunity to reach to younger audience and drive sales.

Researchers have identified several benefits from social media marketing. They define “social media” as a series of both hardware and software technological innovations that facilitate creative online users’ inexpensive content creation, interaction and interoperability. (Berthon et.al. 2012) social media has also enabled customers to interact with business organizations and has empowered them to take an active role in co-creating their experiences. (Prahalad and Ramaswamy, 2004). Previous studies have demonstrated that “marketing capabilities” (Morgan, Vorhies and Mason 2009), e-marketing capabilities (Trainor. Et. Al. 2011) and “CRM capabilities” (Srinivasan and Moorman 2005) positively influence both customer relationship and organization performance.

TASK 2

As retailers adapt to changing customer behaviours and strive for transformational growth in the same way it is also critical for them to consider how are they going to achieve their business objectives by developing and maintaining good customer relationship. The future is exciting with new technology and online experience due to new customers behaviour that changed, but they are driving both product and business model innovation. Covid 19 remains a concern, the supply issue is not completely behind and household finances and the cost of living for many make it harder to spend for luxury. M&S objective is to build sustainable business through consistent and profitable growth and to make sure to act responsibly also attract younger generation.

These days people do their own research online on products before they decide to buy anything. This habit has extended to all sort of products even on groceries, people read review and that influence them into purchasing the product they want. Although customers become extremely knowledgeable who asks detailed information about specific items and who knows what options are available in other stores and how much this options cost over there for example, thus staff should be at least informed about their products as the customers are. Employers should focus on employee training during their whole career in organisation not just when they are hired. They need to stay updated; they need to know what is new. In relation to consumers demands, they will become even more specific in the future because customers expect great products. Companies should reward loyal customers, stay in touch with them, engage customers on social media and offer free shipping. Advance companies CRM to specific needs. Lower cost and upsell and cross sell additional products. Remarket target audience.

To make retail store work is crucial to create new and compelling ways to attract customers into digital and physical stores. People still love to go shopping to physical stores, try clothes, touch the materials but what they do not like is checkout line therefore to ensure fast checkout. Make an in-store pickup process smooth. Manage easy ways to return products because with a rise in online shopping, returns increase as well. Most people shopping online happened to be unsatisfied whether with the sizing or other problems. According to Berry (1983) states that marketing relationship is about attracting, maintaining and enhancing customer relationship.

Building trustworthy customer relationships, it is important to consider all the interactions across the customer journey and other factors that can influence a customer relationship.

Businesses should focus on a comprehensive approach to customer success while planning the techniques to build customer relationships.

5. RECOMMENDATIONS

M&S should focus on high quality products and clothing for younger generation. In addition, offer their products through social media. Social media brand pages can help companies achieve three strategic goals: building brand awareness, increasing loyalty, and boosting sales (Castronovo and Huang 2012). When organisations adopt the right techniques to build customer relationships, then they deliver great experiences, which brings the customers back to organisation and reduces the chances of customer churn,

Using automation software to maximise sales and improve customer relationships. But it requires careful planning so the company needs to make sure that CRM will ensure success. Effective retail marketing is not just about the specific campaigns that organisations run; the channels and platforms on which they run their leads matter a great deal.

Companies should be aware of the devices that people are using when browsing their site ensuring they have a presence where customers are is essential.

Businesses must invest in strong customer relationships, or they will lose to competitors who are all too eager to steal customers.

6. CONCLUSION

In today's business environment the role of customer engagement in creating customer experience and value is receiving increasing attention from businesses.

Covid -19 continues to drive change in retail so businesses need an innovation strategy that will fit into their business strategy. Stores will continue to exist despite the rise of online retail, but all retailers will need to have an integrated omnichannel shopping experience to keep up with customers and grow.

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