

Department of Business Administration

**Optimizing the Contact Center Services of a Portuguese Electronics
and Appliances Retailer Company**

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Abstract

Nowadays the world is based on global economy with almost unlimited access to information where the technology development is a constant. This context led to a transformation on customers' behavior that became more informed and demanding which obliges companies to have the adequate means to ensure time to market, create value and warranty a high level of quality service. Therefore the mass-marketing era seems to have already passed and be replaced by a one-to-one marketing approach. Thus, Customer Relationship Management is now one of the most important research fields to be studied in a Marketing context and applied in companies that want to be successful in a competitive business environment. Considering this new strategy that puts customers in the center of a company's priorities, Contact Centers emerge as an extremely important tool to interact with customers through multiple channels. The concept of service provided in a Contact Center is now seen in a wide perspective, involving all the phases of contact between customers and the organization. Furthermore, the products and services offered by Contact Centers are becoming more sophisticated which implies a more elaborated strategy of customers' relationship and gives companies new challenges to face. Taking into account all the aspects mentioned above, this project aims to suggest new ways of optimizing the Contact Center services of a Portuguese company, specialized in the electronics and appliances retailer business, with the final aim of maximize customers' satisfaction, improve their loyalty and exceed their expectations.

Key words: Customer Relationship Management (CRM); Contact Center; After-selling Service; Electronic and Appliances Retail

JEL Classification:

M10 – Business Administration; General

M31 – Marketing and Advertising; Marketing

Sumário

Atualmente vive-se numa economia global onde o acesso praticamente ilimitado à informação e o desenvolvimento tecnológico são constantes. Esta conjuntura conduziu a uma transformação no comportamento dos consumidores que se tornaram mais informados e exigentes obrigando as empresas a disporem dos meios adequados de forma a assegurar *time to market*, criar valor e garantir um elevado nível de qualidade dos serviços prestados. Deste modo, a era do Marketing de Massas parece já ter passado, tendo sido substituída pelo Marketing Relacional. Assim sendo, o *Customer Relationship Management* é agora uma das áreas mais importantes a ser estudada na área do Marketing e aplicada nas empresas que querem ser bem sucedidas no mercado competitivo onde se inserem. Tendo em conta esta estratégia, que coloca os clientes no centro das prioridades de uma organização, os Contact Centers surgem como uma importante ferramenta de interação com os clientes através de múltiplos canais de comunicação. O conceito do serviço prestado pelos Contact Centers é agora visto numa ampla perspectiva, envolvendo todas as fases de contato entre o cliente e a empresa. Para além disso, os produtos e serviços oferecidos pelos mesmos estão a tornar-se cada vez mais sofisticados o que implica uma elaborada estratégia de acompanhamento dos clientes constituindo novos desafios para as organizações. Tendo em conta este contexto, este projecto pretende sugerir novas formas de otimizar os serviços de Contact Center de uma empresa portuguesa, especializada na área do retalho de electrónica e electrodomésticos, sendo o objetivo final maximizar a satisfação dos clientes, aumentado a sua fidelidade e excedendo as suas expectativas.

Palavras-chave: Customer Relationship Management (CRM); Contact Center; Serviço de Pós-venda; Retalho de Electrónica e Electrodomésticos.

Classificação JEL:

M10 – Business Administration; General

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General Index

Sumário Executivo.....	1
1. Introduction	4
2. Theoretical Approach	5
2.1. From mass marketing to one-to-one marketing approach	5
2.2. Definition of Customer Relationship Management and implications on a company's strategy	6
2.3. Steps for implementing a CRM program.....	7
2.4. CRM components	8
2.5. From a regular Call Center to a Customer Interaction Center	10
2.5.1. The IDIC process applied to Customers Interaction Centers.....	12
2.6. Market Tendencies among Contact Centers	14
3. Conceptual Framework.....	18
4. Methods and Techniques of Information Research and Data Analysis.....	19
4.1. Research Method	19
4.2. Techniques of Information Collection	19
4.3. Research Process.....	20
5. Profile of the Company's Group	22
5.1. Description of the Company's Group Activities	22
5.2. Organizational Values	22
5.3. Strategic Orientations	24
5.4. Human Capital.....	25
5.5. Financial Analysis	26
5.6. Sustainability Practices	28
5.7. Awards and Recognitions.....	29

6. Profile of the Insignia Studied	30
6.1. Internal Analysis	30
6.1.1. Description of the Insignia's Activity	30
6.1.2. Organizational Values	30
6.1.3. Strategic Orientations	31
6.1.3.1.1. Ansoff Matrix	32
6.1.3.1.2. Porter's Generic Competitive Strategies	33
6.1.3.2. Marketing Approach	33
6.1.3.2.1. 4 Ps	33
6.1.3.2.2. Target and Positioning	35
6.1.3.3. Sustainability Practices	35
6.1.3.4. Awards and Recognitions	35
6.1.4. External Analysis.....	36
6.1.4.1. Macro-environment Analysis – PESTEL	36
6.1.4.2. Industry Analysis	38
6.1.4.2.1. Porter's Five Competitive Forces.....	38
6.1.4.2.2. Industry Life-cycle	40
6.1.4.2.3. Critical Success Factors	40
6.1.4.3. Competitors Analysis.....	41
6.1.5. SWOT Analysis.....	43
7. Profile of the Contact Center	45
8. Contact Center Analysis - Key Areas for Improvement and Proposed Solutions.....	47
9. From a Contact Center to a Customer Interaction Center: New Services Proposals	65
9.1. CRM and the IDIC process applied to the Contact Center	65
9.2. Implement a One-to-One Marketing Approach.....	67

9.3. Develop a Loyalty Card	67
9.4. Creation of New Channels of Interaction	68
9.5. Counselling through Video Conference.....	69
10. Conclusions.....	70
Bibliography	73
Annexes.....	76

Index of Figures

Figure 1: CRM Components.....	9
Figure 2: Conceptual framework of this project.....	18
Figure 3: Characterization of the Human Capital.....	25
Figure 4: Awards and Recognitions Received.....	29
Figure 5: Ansoff Matrix applied to the insignia.....	32
Figure 6: Porter's Generic Competitive Strategies Model applied to the insignia.....	33
Figure 7: Porter's Five Competitive Forces - Electronics and Appliances Retail Industry.....	39
Figure 8: Industry Life-cycle of Electronics and Appliances Retailer.....	40
Figure 9: Workflow.....	49
Figure 10: Workflow Redefinition.....	50
Figure 11: Example of a consult of products on the web-site.....	62

Index of Tables

Table 1: PESTEL Analysis.....	36
Table 2: SWOT Analysis.....	43

Index of Charts

Chart 1: Consolidated Turnover Evolution.....	27
Chart 2: Recurrent EBITDA Evolution.....	27

Chart 3: Net Income Evolution.....	27
Chart 4: Main Financial Balances.....	28
Chart 5: Situations Solved on the First Contact.....	47
Chart 6: Customer’s Satisfaction on the First Contact.....	48
Chart 7: Issues Presented by the Customers - Home Deliveries.....	50
Chart 8: Issues Presented by the Customers – Technical Assistance and Repair Processes.....	52

Index of Abbreviations

CRM – Customer Relationship Management

EBITDA – Earnings Before Interests, Taxes, Depreciations and Amortizations

IDIC – Identify, Differentiate, Interact, Customize

IVR – Interactive Voice Responses

NBO – Next Best Offers

RoHS – Restriction of Hazardous Substances

SoMoLo - Social, Mobile , Location

TEMAX - Technical Market Index

WEEE - Waste Electrical and Electronic Equipment

Sumário Executivo

A forma através da qual as empresas abordam e comunicam com os seus clientes tem vindo a mudar ao longo do tempo. Há algumas décadas atrás, a maior preocupação das organizações prendia-se com vender o maior número de produtos sem fazer um esforço por conhecer quem estava a comprá-los. Tanto os produtos como os serviços eram completamente estandardizados e vendidos a consumidores indiferenciados. Vivia-se a chamada era do Marketing de Massas. No entanto, fatores como o desenvolvimento tecnológico, o consequente acesso facilitado à informação e a emergência de um mercado bastante competitivo levou os consumidores a tornarem-se mais racionais e exigentes nas suas compras, conduzindo as empresas a enfrentarem novos desafios na forma como chegam aos seus clientes.

Deste modo, conhecer os seus compradores tornou-se numa das mais importantes prioridades para as organizações que estão agora mais preocupadas em conhecer as necessidades e desejos dos seus clientes, respondendo a essas evidências com produtos e serviços customizados. Atualmente, as empresas seguem uma estratégia de Marketing Relacional, por isso, o *Customer Relationship Management* tornou-se numa das temáticas mais importantes, transformando a forma como as empresas comunicam com os seus clientes.

O papel dos Contact Centers também mudou, na medida em que estes eram primeiramente vistos como um mero serviço complementar e são agora reconhecidos como uma poderosa ferramenta de interação. Os meios de comunicação através dos quais as empresas comunicam com os seus compradores também evoluiu, sendo que para além das habituais chamadas, os Contact Center têm agora de gerir e-mails, mensagens de texto, chats, sites e redes sociais. Estas alterações na forma de como as empresas comunicam com os seus clientes através deste serviço e o valor tirado destas interações levou ao surgimento de um novo conceito: *Customer Interaction Center*.

Assim sendo, este projeto propõe-se a transformar o Contact Center de uma empresa portuguesa especializada na área do retalho de electrónica e electrodomésticos num verdadeiro Customer Interaction Center. Deste modo, várias sugestões serão apresentadas de forma a otimizar os serviços atualmente existentes no Contact Center e serão propostos novos serviços com o objectivo de manter os clientes o mais satisfeitos possível, excedendo as suas expectativas e em consequência aumentando a sua fidelização à empresa.

Tendo em conta estes objectivos, o método escolhido para a realização deste projecto foi o Método Descritivo que consiste na descrição objectiva dos factos, tendo em conta a formulação do problema, o seu enquadramento teórico e a definição do sujeito. No que concerne ao processo de pesquisa, este foi feito através de quatro fontes principais: revisão de literatura, análise de documentação da empresa, observação e auditoria a chamadas.

A empresa em estudo neste projeto é uma das maiores empresas portuguesas, principalmente conhecida pela sua atividade no setor do retalho, mas também fortemente presente noutras áreas de negócio. A estratégia corporativa da organização tem como objectivo principal a criação de valor, através de três diferentes objetivos: globalização, diversificação do estilo de investimentos e alavacagem da base de ativos em Portugal.

Quanto à insignia em estudo, esta tem mais de 130 lojas no país e assume uma posição de liderança no mercado português do retalho de eletrónica e eletrodomésticos. A sua estratégia corporativa pressupõe proporcionar aos clientes uma oferta diversificada de produtos aos melhores preços do mercado. De forma a melhor compreender a sua estratégia, foi realizada uma análise interna e externa e foram aplicados alguns instrumentos de gestão.

Relativamente à análise interna, de acordo com a *Ansoff Growth Matrix*, a insignia segue uma estratégia de *Penetração/Consolidação de Mercado* uma vez que pretende aumentar a sua quota de mercado com os produtos e serviços existentes. Aplicando as *Porter's Generic Competitive Strategies*, verificou-se que a insignia segue uma estratégia de *Cost Leadership* uma vez que pretende oferecer os preços mais competitivos do mercado.

No que concerne à análise externa, a análise *PESTAL* demonstrou os factores da envolvente macro que afectam o negócio, bem como através da análise da indústria verificou-se que a área do retalho de eletrónica e bens de consumo está a entrar no estágio da *Maturidade*. Aplicando as *Porter's Five Competitive Forces* concluiu-se que as forças com mais impacto são a *Rivalidade* e consequentemente o *Poder dos Consumidores*, uma vez que esta indústria é bastante competitiva e o consumidor tem algum poder de negociação.

Por último, foi elaborada uma análise *SWOT* que demonstrou que a insignia tem imensos pontos fortes a seu favor, contudo, os seus pontos fracos não devem ser subestimados, bem como as suas ameaças devem ser superadas e as respectivas oportunidades exploradas.

Apesar de todas as fraquezas que a insignia pode ter, o serviço de pós-venda é sem dúvida um aspecto distintivo do seus concorrentes, por isso, o seu Contact Center assume um papel de extrema importância. Este é gerido por uma empresa de outsourcing, tendo cerca de 100 colaboradores, e recebe em média cerca de 1590 chamadas e 200 e-mails por dia.

Através da análise aos serviços prestados pelo Contact Center concluiu-se que existem várias áreas que podem ser melhoradas, tendo sido identificados 22 problemas-chave, que podem causar insatisfação para o cliente ou constituir um obstáculo à produtividade. Em termos gerais, através da análise feita a 400 chamadas auditadas, verificou-se que 37% dos clientes não ficam satisfeitos com a resposta obtida no primeiro contato, sendo que 45% das situações não ficam resolvidas durante este primeiro contato. Tendo isto em conta, para cada problema identificado foi proposta uma solução, incluindo principalmente a reestruturação de processos.

Para além disso, para transformar este Contact Center num verdadeiro Customer Interaction Center foi proposto o desenvolvimento de novos serviços. Assim sendo, a implementação de um sistema de CRM foi sugerida, bem como o desenvolvimento de novos canais de comunicações, tais como, serviço de chat disponível através do site ou da página de *Facebook* da empresa, e também um canal através do *Skype* que possibilitasse o serviço de video-conferencia permitindo apoio técnico, demonstrações e aconselhamento através deste canal. Foi também sugerida uma mudança de estratégia de Marketing de Massas para Marketing Relacional aliada à criação de um Cartão de Fidelização.

Todas estas sugestões pressupõem aumentar a satisfação dos clientes e maximizar a sua lealdade, fazendo com que o Contact Center seja um ponto único de contato através de múltiplos canais entre o cliente e a empresa, transformando-se num verdadeiro Customer Interaction Center.

1. Introduction

“I know you. You tell me what you want. I make it. I remember next time.” (Peppers *et al.*, 1999:13) These sentences describe well the fundamental idea of Customer Relationship Management: to identify, interact and differentiate the customers, and customize the company’s products and services according to their needs and desires. This relatively recent market approach is nowadays broadly used and valued by companies that want to be successful in a competitive business environment despite of the business area they operate and has totally modified the dynamic of the relation between organizations and their customers.

Following this approach, Contact Centers emerge as one of the most important tools of interaction with clients through multiple channels, involving all the phases of contact between customers and enterprise. This new vision about the importance of a Contact Center led to the emergence of a new concept: Customer Interaction Center. The main difference between a regular Contact Center and a Customer Interaction Center is the capacity of exploit all the potential that these Centers have to offer in terms customers’ knowledge.

This project has as studied object the Contact Center of a Portuguese Electronics and Appliances Retailer Company and its main goal is to transform their Contact Center into a truly Customer Interaction Center. Taking this into account, this project aims to present suggestions of improvement for the services already provided and purpose the development of new services, if necessary, having as final goal to maximize customers’ satisfaction, improve their loyalty and exceed their expectations.

Therefore, the project starts with a theoretical approach having Customer Relationship Management as main focus of bibliographic research, constituting a solid basis for the latter proposed suggestions. Then, a conceptual framework is presented exposing the connection between the literature review, the goal of the project and the future options of analysis chosen.

The practical part of this paper starts with a characterization of the company’s group, followed by a more detailed analysis of the insignia studied. The Contact Center Services are also analysed in detail, its key areas for improvement are detected and new solutions proposals are referred. At last, the most important conclusions about the project are presented.

2. Theoretical Approach

The reading of textbooks, articles, researches and other publications and sources of information is a precious tool in order to understand from a theoretical perspective some concepts, market tendencies and suggestions that will be later applied in this project.

2.1. From mass marketing to one-to-one marketing approach

Since the industrial revolution, companies and all businesses in general were focused on an economy of scale. At that time, companies were concerned with selling the highest number of products without noticing who was buying them, in other words, they were more concerned with “what” customers were buying instead of “who” was buying it (Diché, 2002). Therefore, having the size necessary to produce, advertise and distribute vast quantities of standardized products seemed to be the key for success, leading to the expression “one size, fits all”. On other hand, traditional stores, where the salesperson – most of the times the owner – took all of their time to counsel each customer, locating the perfect product for satisfying his/her needs and suggesting additional items that the customer hadn’t even thought about, seems to have disappeared. During the mass-marketing era, customers seemed to be alone on their purchasing, often struggling to find the product or service that will best meet their needs and staff retailers don’t seem to replicate the personal touch that family stores once had (Davenport *et al.*, 2011).

However, nowadays the old paradigm of mass production, mass media and mass marketing is being replaced by the new paradigm of a one-to-one approach. Peppers *et al.* (2001) believe that the rules of business competition and growth are changing as customers are becoming more informed and demanding and markets in general are becoming more competitive, thus, the future will be characterized by customized production, individually addressable media and one-to-one marketing. Instead of market share, the goal of most business competition will be share of customer, one customer at a time, and instead of focusing on a short term profit, companies will be focused on long-term customer retention and life-time values. This tendency led to the emergence of a new study field: Relational Marketing, also known as CRM – Customer Relationship Management.

2.2. Definition of Customer Relationship Management and implications on a company's strategy

Bennett (as cited in Keegan, 2003:3) defines Marketing as “the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals”. Keegan (1989) adds that Marketing is also a set of concepts, tools, theories, practices, procedures and experiences that together constitute a universal, teachable and learnable, knowledge. Nevertheless, the author highlights that although Marketing is universal, there are different realities that cannot be ignored – countries are different, there are different cultures, different channels of distribution, different competitors and the most important of all different customers, as each person is unique.

Based on the same concept that each person is unique, Peppers *et al.* (2000:1) define CRM in a simple idea “treat different customers differently”. Thus, CRM is based on the principle that a marketing strategy depends on understanding the various ways customers are different and how these differences should affect the company's behaviour toward individual customers. It recognizes that there aren't two customers equal and clever companies can capitalize on these inherent and essential differences. Therefore, a company's products and services must be delivered based on the individual needs of individual customers.

CRM can also be seen as a company's commitment to embrace the customer experience in the top of their priorities and ensure that the incentives system, processes, and information resources regulate the relation between the company and the customer through the valorisation of the experience (Greenberg, 2002).

The main purpose of CRM is to engage its customers particularly the most important ones concentrating on loyalty, not just on satisfaction, and in consequence it intends to help companies protect their unit margins. Chen *et al.* (2003) define CRM as an integration of people, processes and technologies which manage company-customer relationships with the aim of achieving customer retention. This marketing approach intends to lead the increase of customers' loyalty and in order to build enduring one-to-one relationships, enterprises must continuously learn from interactions with individual customers and dynamically respond to the information collected on those interactions.

Peppers *et al.* (2000) defend that companies should establish a “Learning Relationship” with their customers. This relation must get better with every new interaction as the customer tells the company about his\her need and the company must customize its product/service to meet that need. Through this process, the firm is making its product more valuable for this customer and in consequence is increasing his\her trust and loyalty.

When a company puts all its efforts to address the different needs of individual customers which mean implementing a one-to-one marketing program intensively, it is called a one-to-one enterprise. This kind of companies recognize the cultivation and management of the customers’ relationships as their most important issue, considering the strengths and weaknesses of these relations as the key factor for determining the company’s success and long-term profitability (Peppers *et al.*, 2000).

2.3. Steps for implementing a CRM program

According with Peppers *et al.* (2000), the implementation of a CRM program presupposes four key sequential steps, also known as the IDIC process: Identify, Differentiate, and Interact with the customers, and Customize the company’s products and services.

1. Identify your customers – to ensure the success of the CRM program, it is essential to know the customers in much detail as possible: much more than knowing just addressable/demographic characteristics it is crucial to understand their preferences, habits, tastes and so on. It is important to know and remember each customer individually. Davenport *et al.* (2011) highlights loyalty cards as an important tool as they allow to know what customers buy, where they buy and how they pay, giving a complete profile of the customer. The author defends the belief that previous purchases are often a single best guide to what a customer will buy next.

2. Differentiate your customers – customers must be differentiated in two main ways: according to their level of value and to their different individual needs. Doing this differentiation, companies can prioritize their efforts and gain the most advantage with the most valuable customers, as well as tailor the enterprise behaviour to each customer based on each individual need.

3. Interact with your customers – the company must improve the cost-efficiency and the effectiveness of its interactions with customers. Thus, these interactions must be more automated and useful in terms of producing information which will strength the relation with each customer. Every interaction must pick up where the last one left off, whether the previous one occurred on the last day or on the last month. These interactions can be done through a call-center, a company's web-site, social network, or presently.

4. Customize your products/services – the company's products and services must be personalized according to each customer need. The enterprise must adapt its behaviour in the way that is valuable to each individual client. This personalization can be done through mass customization seeking to adapt not only the product in itself but also the packing, payment method, delivery conditions, etc. According to Davenport *et al.* (2011), advances in information technology, data gathering and analytics are making it possible to deliver something like the proprietary advice of the family stores mentioned above. These systems allow companies to create highly customized offers that steer customers with the right products or services at the right time, at the right price and at the right channel. These are called Next Best Offers (NBO) programs and intend to allow companies to know what customers want before they do. For instance, the company can offer targeted coupons according with the customer profile, increasing sales and enhancing loyalty.

2.4. CRM components

According to Chen *et al.* (2003), CRM has three main components: people, processes and technology. For this author, CRM emerges as a combination of these three agents that seeks to understand a company's customers. Therefore, these components must be harmoniously aligned in order to create a CRM system that allows understanding and respond to customer needs, preferences and expectations (Goldenberg, 2002).

On a CRM system *people* represent the collaborators of the company, *processes* correspond to the company's routines necessary for the strategy's execution and *technologies* relate to the hardware and software infrastructures (Correia, 2009). Thus, each component faces significant challenges, but “is the ability to integrate all three that makes or breaks a CRM system” (Goldenberg, 2012:13). For a CRM system to succeed it is necessary to have a company-wide,

cross-functional, customer-focused business process re-engineering and companies fail because they see CRM as technology-only solution and downplay the other two components (Chen *et al.*, 2003).

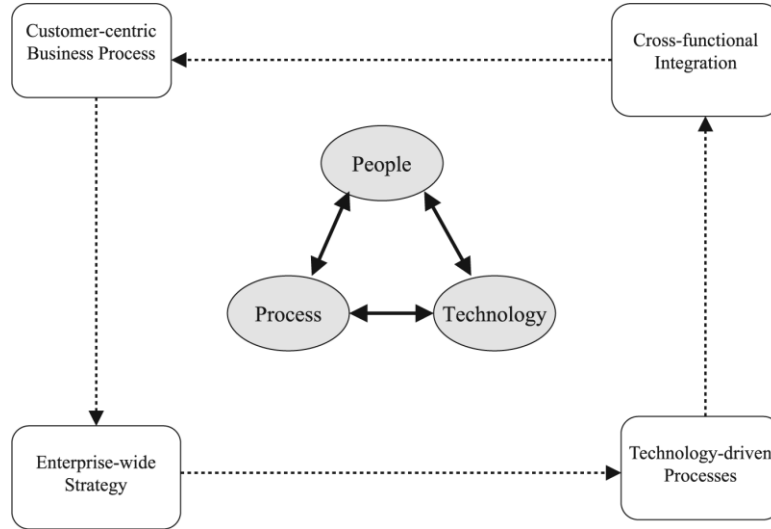


Figure 1: CRM Components

Source: Chen *et al* (2003)

People

On the correct implementation of a CRM system, the acquisition and instalment of the necessary technologies are not the most difficult part of the process, the company's and collaborators adaptation to it is the hardest (Correia, 2009). It is important to consider that people are not machines and this process involves change in the way users do their day-to-day jobs and some people might be reluctant to it (Goldenberg, 2002). There will be a big change in the way that the business will be conducted and the collaborators involved on the implementation of the CRM system might need to learn or develop new skills. Furthermore, not only organizational but also cultural barriers can emerge (Peppers *et al.*, 2000).

Processes

As CRM puts the customer in the centre of the company, all the processes are projected on a customer perspective to increase their loyalty and their long-time value. Through the automation of the processes, CRM will facilitate the management of the relationship between company and the customer. Furthermore, it can also help in the relationship between company, collaborators and suppliers (Correia, 2009). Nevertheless, it is important to consider that the inappropriate

automation of the CRM business process will only speed up the errant process. Thus, in order to realize effective process change, the company must analyse how well the existing business processes are working and then redesign or replace the non-optimal processes (Goldenberg, 2002).

Technology

Nowadays, there are an incredible number of CRM technology programs. Nevertheless, choosing the right technology has one of the most important roles on the implementation of a CRM strategy. Thus, CRM solutions must fulfil three main requirements: to allow a coherent and unique vision of each customer in each transaction; to allow the customer a complete vision of the company despite the means used of contact and to permit the company's front-office to execute its tasks on an integrated way, reducing costs and improving efficiency (Correia, 2009). Goldenberg (2002) alerts for the need of being aware of the CRM technology trends as they might change too fast and new needs and benefits can emerge.

2.5. From a regular Call Center to a Customer Interaction Center

In an era where the interaction and relationship with the customer are so crucial, Call Centers assume an increasing and extremely important role in companies. Some years ago, Call Centers were seen as a mere support service, just an addition for complementing the service provided to customers. Furthermore, Call Centers' managers were more concerned with the measurable costs of talk time and calls handled per hour than they were with the benefits than it generates.

Nowadays, the telephone is not the only mean that allows the company and the customer to be in contact. Contact through e-mails, text messages, chat, web-sites and social networks lead to the change on the Call Centers designation to Contact Centers (Schwartz *et al.*, 2006). Furthermore, managers are beginning to recognize the importance of Contact Centers as a powerful tool for interacting with customers, learning their needs and winning their loyalty. This change on managers' mentality regarding Call Centers/Contact Centers led Peppers *et al.* (1999) to suggest a new name for this service: Customer Interaction Center.

A Customer Interaction Center provides the opportunity of talking with customers on regular basis, learning directly with them, without any filters of quantitative research, focus groups or

representing panels. It can be seen as an “enterprise business center” as it allows to (*Peppers et al.*, 1999):

- Improve cross-selling, expanding the company’s share of profit;
- Support complex or expensive products, reducing service costs;
- Provide on-going ancillary services, increasing customers’ loyalty to the basic product;
- Prequalify sales leads, reducing the cost of sales;
- Reduce the need to win new business with discounts, improving overall unit margins;
- Perform low-cost market research, reducing the need for outside (and expensive) research.

As main advantages, Customer Interaction Centers present a unique and permanent point of contact, ensuring personalized and consolidated treatment, using the classic means of communication as well as the most recent ones, adequate to each customer needs and profile. Moreover, they offer faster and efficient treatment since the integration of CRM data have the potential for a more personalized interaction with the client, as historical of many other information regarding the customer can be created and used allowing to the creation of a customer profile (Duarte, 2011).

The optimization of a system of integrated treatment allows synergizing processes and resources to manage all the communication faster and efficiently. On a global economy, much more supported in networks, companies are facing an evolution from the classical means of communication to functional models supported in flexible and efficient platforms, which allows achieving the desirable competitiveness, implementing new business models and emerge in different markets, eliminating any barrier that might be associated with their dimension or localization. For all these reasons, when analysed in an integrated way with the company’s global strategy, Customers Interaction Centers evolve from being seen as a center of costs to a center generator of income (Duarte, 2011).

On an ideal basis, a Customer Interaction Center should allow customers to do anything they want using any communication medium they choose, it must deliver a one-to-one relationship for the company’s customers, one customer at a time. It should provide a single point of contact for

addressing each customer's needs, in order to create a "customer manager environment" (Peppers *et al.*, 1999).

2.5.1. The IDIC process applied to Customers Interaction Centers

On a Customer Interaction Center, as well as in any CRM program, the IDIC process has an important role. If the Customer Interaction Center can capture high-quality customer information, the company can understand the customer buying behaviour, patterns, and preferences, streamline their requests and orders, and then adequate its products and services to the customers' profile (Schwartz *et al.*, 2006). That is why to identify, differentiate and interact with callers and customize the service provided is crucial to ensure a successful one-to-one Marketing approach (Peppers *et al.*, 2000):

Identify the Callers

The identification of the callers linked to a connection to their customer history is the basis of a Customer Interaction Center. The ideal situation is to have a caller-ID technology that gives the Call Center operator the entire customer's record while the phone is still ringing. This customer history must be the most complete as possible having not only the register of the calls but also all the transactions done related with company, since products and services purchased to comments done on the company's website or social network. The state-of-art should be the Call Center operator to treat the customer by the name when answering the phone, however this feature is always risky as although the phone number is the same, the person who is calling might not be (in the case of mobile phones the risk is minimized).

Differentiate the Callers

Call Centers usually apply some level of call vectoring sending the income calls to a specific department. This vectoring is usually done through IVR (Interactive Voice Response), which allows the customer to select an option according with the motive of the call. However, on a Customer Interaction Center, differentiation must go much further. The most valuable customers must be instantaneously recognized and connected to the Call Center operators much faster than a common customer. However, having the customer data and having access to it quickly by itself is not enough on a high-speed Customer Interaction Center environment. Putting the customer on

hold or answering the call later because the operator is reading the customer's history is not a good solution. Therefore, "customer knowledge" is one of the most important aspects to consider on a successful Customer Interaction Center. In order to ensure "customer knowledge", each of these important customers must have a specialist account manager who already knows the customer profile and history. Furthermore, to help the account manager quickly remember the customer profile is crucial to have the right technology¹.

Interact with the Callers

Improving the interaction with the customer is directly connected with cost-efficiency and effectiveness, as the more cost-efficient the company is with interactivity, the more interactivity they will be able to afford with customers. On other hand, the more effectively the company can use the information from those interactions, the more powerful will be the relation with each customer. Attitude is the key in the interaction with customers. Instead of defining cost-efficiency success in terms of call duration, measuring how quickly the Center gets the customer "off the phone", Call Centers should be more concerned with providing a friendly and pleasant treatment to their customers, talking more with interested customers, not less, and focusing on how was the customer mood when he/she hang up the phone, they should wonder: "was the customer satisfied and feeling that the company did an effort to solve his/her issue?". Furthermore, there are technologies available today that connect companies' telephone systems and CRM systems that record and gauge the quality of a call². There are emotion-detection software that recognizes the voice volume and pitch indicating if the customer was calm or upset during each moment of the call (Davenport, 2011). A truly Customer Contact Center must strive for turning each call into a good and positive experience for customers that they will later remember. In summary, Customers Interaction Centers must do all their best to increase customer satisfaction. Brown *et al.* (1991) define customer satisfaction as the degree of fit between customers' expectations of quality service and the quality of the service perceived by

¹ There are systems that scan the entire customer's data and summarize it in an easy-to-use graphical interface and show notifications of potential customer dissatisfaction, which shows up on the account manager's screen as soon as the customer calls. These systems connect images to information. For instance, the customer's value is represented by images of money bags, from one to five, being the customers with five moneybags the most valuable, the longevity is represented by bombs, bomb flags represent issues of dissatisfaction and so on. When the customer calls, his profile emerges on the screen (e.g.: three money bags, four bombs and one flag bomb). Through this system, the account manager can instantaneously recognize the customer profile.

² http://www.crm-daily.com/news/Top-Tips-To-Ensure-Phone-Call-Quality/story.xhtml?story_id=13300006AC77

the customers. According to the same authors, there are two types of factors that provide customer satisfaction: enhancing and hygiene factors. Enhancing factors are those that when present increase satisfaction but when missing they do not decrease satisfaction. For instance, if the customer receives a personal greeting and friendly treatment by the operator, he/she will be certainly pleased. Nevertheless, as long as the operator is polite with him/her, the customer will be satisfied as well, but one can say that the friendlier the operator is, the more satisfied the customer will be. The hygienic factors are those that customers expect to be evident in a service and if they are not present or below a certain level of expectation they will cause dissatisfaction. For instance, if a customer calls to solve any issue or clarify a question and the operator cannot give the answer or a solution, the customer will be certainly unsatisfied and will perceive the call as useless. Thus, in order to ensure that satisfaction is achieved, Customer Interaction Centers must be aware of both factors – enhance and hygienic – involved in a customer's perception of satisfaction.

Customize for the Callers

“Customer knowledge” has an important role in customization. Through the interactions, the company already knows which are the preferences and needs of the customer, thus, they must do an effort to satisfy those needs and take advantage of that information. For instance, if a customer has a problem with the purchased product or needs e.g. a spare or replacement part of the product, the company must do their best to help the customer solve his/her issue, even if it comes out of the regular services provided by the Contact Center. On other hand, if the company has a profile of the customer preferences, it can take advantage from it and do a cross-selling approach during the contact with the customer. However, not only the products and services must be adapted to the customer's profile, the treatment provided also requires a special attention. Therefore, on a Customer Interaction Center the account manager must take note of the way the customer likes to be treated (more formal or informal, “straight to the point” or long-talks, etc.) so that on the next contact he/she can adequate his/her speech to the customer profile.

2.6. Market Tendencies among Contact Centers

In order to understand the market tendencies among Contact Centers, first it is necessary to understand the shopping tendencies that characterize the near future. Rigby (2011) defines the

future of shopping as the omnichannel era. In the author's opinion, customers are more informed and demanding, thus, they want the best from the digital market (broad selection, wide product information, customer reviews and tips, etc.) and the traditional retail (physical stores with personal service and the ability to touch and feel products). Different customer segments will value parts of the shopping experience differently but all of them will want a perfect integration of the digital and physical market.

The author believes that in the future, trying outfits on personal's avatars, doing videoconferences with sales persons from stores, select products on-line and go to the store and have the chosen products ready for trying, scanning the barcode of a product into a smartphone and see in which store it is cheaper, confront sales person with competitors prices and negotiate with them, will be common situations that will characterize the customers' shopping habits. Actually, this tendency can occur in a very near future considering that all the technologies necessary for those processes are already available. The abundance of information, price transparency and special deals will be a "nightmare" for retailers that will have to adapt to customers' needs and wants and exceed their expectations. Retailers will face the challenge of creating innovations and surprising customers so that they can generate profitable growth.

All the reasons mentioned above, corroborate Reves *et al.* (2011) that point adaptability as the new competitive advantage. According with these authors in an era of risk and instability, where globalization, new technologies and greater transparency have an extremely important role, the once strong correlation between profitability and industry share is almost non-existing in some sectors. Moreover, the goal of most strategies is to build an enduring competitive advantage by establishing marketing positioning and assembling the right capabilities and competencies for delivering an offer, i.e. doing what the company does well. However, given the level of uncertainty that markets are living today, these authors defend that companies instead of being good in a particular thing, must be concerned with being good at learning how to do new things. In order to adapt, companies must be alert of the signals of change from the external environment, decode them, and proactively and quickly refine or reinvent its business model to respond to those changes.

Furthermore, the wide use of the internet and the growth of social networks are changing the way that companies contact their customers and are creating new necessities. Customers are more demanding and require more attention and faster answers leading the Contact Centers to face new challenges. As mentioned before, at the moment Contact Centers are much more than a service of doing and answering calls, they have to deal with e-mails, chat services and social networks. Schwartz *et al.* (2006) believe that sooner the traditional phone set will become a thing of the past.

The dynamic interaction with customers, the flexibility and the integration of the multiple means of interaction available, allow not only the improvement of customers' experience, maximizing their satisfaction and increasing their loyalty, but also allow improving productivity and enlarging business opportunities. Customers have the expectations of being able to communicate quickly and easily with the organizations through multiple channels from a simple phone call to a chat conversation. Thus, Contact Centers emerge as an integrator of different means of communication with the clients.

According to Caçador (2011) new channels are forcing changes on Contact Centers. The increase on quality and the reduction of costs are the main drivers of modernization of the Contact Centers, but the weight of social networks and new channels of communication is gaining a huge importance. The social networks absorb much time on people's daily lives and are becoming one of the main means of contact not only with friends but also with brands and companies that users most like. Recent studies³ revealed that more than three millions of Portuguese use social networks and 48% of these go to their page more than one time per day. People's predisposition to follow brands on social networks is high being referred for more than a half of the users inquired. Since they are following the brands, these customers demand attention and quick answers through the same channels and these generate new challenges for Contact Centers.

Morão (as cited Caçador, 2011) identifies the social networks as one of the main tendencies that are influencing the Contact Centers' business as well as their business solutions developers. People interact with this kind of platforms every day more and intend to access to a diversified set

³ Marktest Research published on *Semana Informática* (Nº1047)

of services, offering the companies the opportunity for improving their business. Brandão (as cited Caçador, 2011) believes that there are still many functionalities that can be explored with the existent technology such as the utilization of new channels like Skype for instance, but also a higher integration of social networks and chat service.

Vasconcelos (as cited Caçador, 2011) believes that sooner people will expect to contact a company through a voice call, whether by telephone or internet, changing to video when necessary and receive a sms or an e-mail at the end of the call. On a near future, the customer might be on a company's Facebook page and ask for help on-line, through chat or through the *click-to-call* method. These scenarios of *rich-call* integrate many media in one only contact and are becoming one of companies' biggest bets.

Davenport *et al.* (2011) highlights the importance of the social, mobile and location (SoMoLo) information as companies are beginning to craft offers based on where a customer is at any given moment, what his social media post say about its interests and even what his friends are buying and discussing on-line. Rigby (2011) refers that nowadays shoppers' awareness depend not only on a company's marketing efforts but mostly on the recommendations from friends on social networks and on-line expert reviews. This information allows predicting customers' purchases on the basis of their social media interests. There also some smartphones apps that allows customers to receive tailored promotions according with their SoLoMo information.

Schwartz et al (2006) predict that on the future, Contact Centers will be based on a single process that will manage the call routing, the process rules, the service logic across the entire company to determine how, when, by whom or by what a customer interaction should be handled. Moreover, they believe that all the interactions with customers will be automated using virtual agents that look and sound human. Nevertheless, the authors highlight that besides all the technological changes and advances that are taking place, people are still the key that makes the difference in the use of technology and customer data analysis.

3. Conceptual Framework

The theoretical approach was an important base to understand some of the concepts that will be later applied on this project. In summary, this literature review allowed understanding the evolution on the way companies communicate with their customers which seems to be changing since the last decades. The modification on customers behaviour, that are now more informed and demanding, led companies to change from mass-marketing to a one-to-one marketing approach. Due to this evolution, CRM gained an extremely importance being at moment one of the most important strategic priorities for companies that want to be successful. Following the same rational, there was also an evolution on the way managers see Contact Centers that emerge recently as an extremely important tool to interact with customers through multiple channels, involving all the phases of contact between them and the firm. This new approach led to the appearance of a new concept: Customer Interaction Center.

Therefore, the aim of this project is to transform the Contact Center of an electronics and appliances retailer company in a truly Customer Interaction Center. Firstly, an analysis of the company's group will be presented followed by the characterization of the insignia studied. The Contact Center of the insignia will also be analysed so that key areas for improvement on the existing services can be detected, suggestions for new services can be presented, and the final goal can be achieved. To finalize the project, the final conclusions will be enumerated.

The following figure shows the structure with the main points of this project:

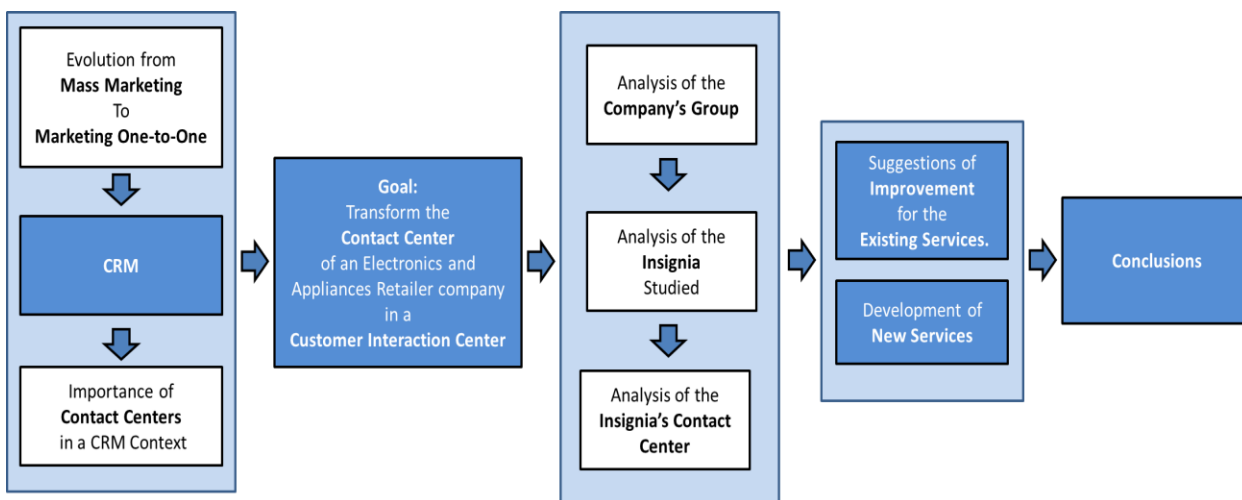


Figure 2: Conceptual framework of this project

Source: Auto-developed

4. Methods and Techniques of Information Research and Data Analysis

The elaboration of this project presupposed an extensive process of information research and data analysis. On this chapter, the method of research used will be explained as well as the techniques used for the collection of information. At last, the research process will be described.

4.1. Research Method

Considering that the main goal of this project is both to develop new services and to optimize the quality of the services already provided by the company, the method chosen for this research is the *Descriptive Method*. This method consists in the objective description of the facts, taking into account the formulation of the problem, its theoretical framework and the definition of the subject (Reto *et al.*, 1999).

The *Descriptive Method* requires a data collection, most of the times quantitative data, in order to proceed to the characterization of the object being studied. The techniques used to collect the data can be observation, surveys and interviews. To do the data analysis are often used descriptive statistics, content analysis (for evaluation of qualitative material) and multivariate statistics (to reduce and interpret the data). Therefore, the researcher should begin by observing its object of study, describing it objectively and characterizing what is happening in order to define, not only problems, but also the objectives of research in order to formulate hypotheses (Reto *et al.*, 1999).

4.2. Techniques of Information Collection

In order to collect the information for this project, besides the bibliographic research and the analysis of documentation from the company, it was used the observation technique, with verbal interaction, to understand what could be improved in the services that the Contact Center is already providing.

The observation technique, according with Ghorpade (2002), is very simple procedure. The researcher must observe the workers and other objects of interest and record what is happening. The findings are then assembled to become information. Although the procedure is simple, there are different variants of the observation method. One of the variants is the involvement of the

observer in the environment to be studied, where the observer may be participating (developing a role in the study group) or not participating (no direct influence on the group). In this case, the researcher is not a participant in the study group. Another variant of this method is the creation of structures, i.e., the observation can be structured in different ways, such as limiting what is being observed or setting time limits in the observation process.

According to Chiavenato (1990) the method of direct observation has several advantages: the accuracy of the data obtained by virtue of being alien to the interests of who performs the work; it does not require the shutdown of the occupant of the position; it is the ideal method for analysing simple and repetitive jobs; and it does the proper correspondence between the data and the basic formula of analysing a job or a process.

However, it also has disadvantages such as: high costs, since the method to be complete, can require a long time to the researcher; it can be contraindicated for positions and processes that are not simple and repetitive; and still the fact of simple observation, without direct and verbal contact with the performer, not allow obtaining important data for the analysis. Regarding the last disadvantage, on this study, it was not a problem as the direct observation was completed with questions to the employees anytime the researcher had doubts.

In summary, taking into account the studies of Brannick *et al.* (2002), who analysis the function or the process, learns a lot about it just to observe and record what makes the worker.

4.3. Research Process

The process of research for this project had three main pillars: the bibliographic research, the analysis of documentation from the company and the observation.

In order to have a better perception of the tendencies regarding Contact Centers and also to increase the knowledge in important areas for this project like Customer Relationship Management and Relational Marketing it was done a bibliographic research. This research allowed the investigator not only to understand the key success factors necessities to be successful in this business, but also to take some suggestions for improving the quality of the services provided by the Contact Center of the company. The research was also very important

for the investigator to understand the main points to be considered in the development of new Contact Center services.

The observation, complemented with questions to the collaborators and with the analysis of the company's documentation⁴, was fundamental to the understanding of the entire business environment and the internal processes. The researcher passed for all the sections of the Contact Center and was sitting next to one operator (in each section) seeing everything he/she was doing and listening to the calls he/she was performing. Altogether 400 calls were audited. Only through this way it was possible to understand the lacks in the quality of processes and develop improvement proposals.

In order to develop new services for the Contact Center, first it was necessary to understand what was missing and could be beneficial for the company, and this was done through the observation and direct contact with the persons that are part of the company. Then, it was also important to look to the market tendencies and see what could be applied to this Contact Center. Through all this process, it was possible to understand the key areas for improvement e develop proposals for new services.

⁴Some documents could not be included in this paper due to confidentiality and protection of privacy issues.

5. Profile of the Company's Group

This project main purpose is to optimize the Contact Center Services of a Portuguese electronics and appliances retailer company. The bibliographic research helped to understand the importance of CRM for a company's competitiveness as well as the relevance of Contact Centers in a CRM context. Nevertheless, before applying the theoretical concepts to the practice, it is necessary to know in detail the company's business environment and make an extensive analysis to their Contact Center so that some areas for improvement can be detected and new solutions can be purposed, transforming their Contact Center in a truly Customer Interaction Center.

5.1. Description of the Company's Group Activities

The company studied in this project⁵ is one of the biggest Portuguese companies mainly known for its operations in the retail business sector, but also with a strong presence in the shopping centers and telecommunications market. This company began its activity in 1959 with the foundation of a society of stratification (Annex I). Since that day, the company has consistently aimed to achieve sustainable growth which led them to be the leading commercial group that they are today.

The company's growth is marked for its expansion to different markets. Nowadays, the Group has three main companies: one mainly focused in the retail market, other focused on the industry market and the last one focused on the capital market. This project is focused on the retail company which has two major partnerships in the shopping malls and telecommunications sectors, and also has a related business in the real-estate retail and a business unit of investments management.

5.2. Organizational Values

Drucker (1989) defines business mission as the reason for the company's existence. It is what a company aims to do for its customers, in other words, it is a statement that defines the purpose of the company. The mission is useful for enhance the company's core business and the customers'

⁵ Due to privacy reasons the name of the company will not be referred.

need that the company aims to serve. In summary, it explains what and why the organization does for its customers.

The company's group studied in this project has defined its mission as "to create long-term economic and social value, bringing the benefits of progress and innovation to an ever increasing number of people". This mission statement shows their objective and ambition to continue their path of sustainable growth and continue to contribute to the well-being of an ever increasing number of people.

Regarding corporative values, according with the same author, it defines the beliefs that the company wants to defend and the rules that guide the management of the company. It represents the institutional philosophy and the support to the cultural organization. Thus the corporative values' main goal is to have a framework of reference that inspires and guides the daily activity in the company. Therefore, the company studied highlights as core values:

- *Ethics and Trust* - as their fundamental commitment is to create economic value founded on principles of ethics and sustainable development, taking a long term view and based on relationships of confidence and trust with stakeholders.

- *People at the center of their success* – as the company considers that their employees are a distinguishing factor in the markets in which they operate. They believe that developing the competencies and capabilities of each employee, encouraging an internal culture that promotes meritocracy, constant challenges and a readiness for change are the crucial factors to attract human resources of outstanding capability.

- *Ambition* - as their guiding force, reflected in the continuous setting of targets that stimulate and challenge their competencies, ensuring the company's continued bold and resilient attitude.

- *Innovation* - as the source and at the heart of the company's businesses. They believe that learning also occurs through learning and failures, but are aware however of the importance of knowing how to balance this factor within standard risk taking parameters.

- *Corporate Social Responsibility (CSR)* - to contribute towards the improvement of the communities among whom they operate, with a strong concern for the environment and the development of human knowledge.

- *Frugality and Efficiency* – the company is known for their efficiency, encouraging healthy competition and carrying out far reaching projects, seeking to optimize our use of resources, and maximize their return.

- *Cooperation and Independence* - they take a position of independence and autonomy in relation to central and local government, but are always ready and open to cooperate with governments, with the goal of improving the regulatory, legislative and social framework.

5.3. Strategic Orientations

The company's corporate strategy is focused on creating value through three different main goals: globalization, diversification of investment styles and leverage of assets bases in Portugal.

Globalization is its main strategic priority. The company aims for new growth avenues and dilution of risk per country. In order to achieve this goal, the group will allocate all the necessary resources, creating the opportunity to increase the company's presence abroad and become a multinational company.

The Group also aims to diversify the type of investments and adapt it to each business unit. In order to do that they aim to adopt a mix of styles most suited to each business, ranging from detaining some whole owned businesses to improve minority stakes and partnerships in situations where the company does not have the necessary resources to be successful or when the third-party contribution may serve as a factor for creating superior economic value. Capital light approach (rental vs. ownership; partnerships vs. full control) is therefore one of their main guidelines. Another strategic priority is to accelerate growth and reduce debt and once again maximize their profit results. Release capital via the sale of real estate assets is also important and trough this minimizing risk.

Furthermore, as mentioned before, they aim for leverage the basis of assets in Portugal by innovating, creating new businesses and re-forcing their competitive advantage. According with

Porter (1998), there is competitive advantage when a company sustains profits that exceed the average of the industry where it operates and it must be at the “heart” of a firm’s performance in competitive markets. Therefore, a significant portion of capital will be allocated to new projects, taking into consideration its ability to generate economic value and growth. To ensure the expected results of these investments, it will be given special attention to detect as early as possible, signs of success or failure, so that decisions can be made regarding future investments, mergers or divestments in a timely manner.

Although these are corporate strategies, each of these strategic orientations can be more directed to one of the business units. For instance, focus on leadership and profitability must be applied to all of the business, but in the food retail business this strategy is directly related with consolidating its market leadership in Portugal, and with the development of new opportunities to create value, as well as broad-spanning competences. The focus on growth and internationalization gets special attention regarding the specialized retail business unit as some investments are being made and its presence is starting to be noticed especially in Spain. The strategy of “cashing in” of real estate assets can be directly applied to the Retail Real Estate business as additional sale and leaseback asset transactions are planned with the aim of freeing up capital invested in real estate assets to finance growth.

5.4. Human Capital

The company considers that their employees are one of the most important key success factors and are a distinguishing factor in the market for its talent, energy professionalism and dedication. Furthermore, the company is one of the largest employers in Portugal. From those employees around two thirds are women and approximately half are younger than 35 years old (Figure 3).

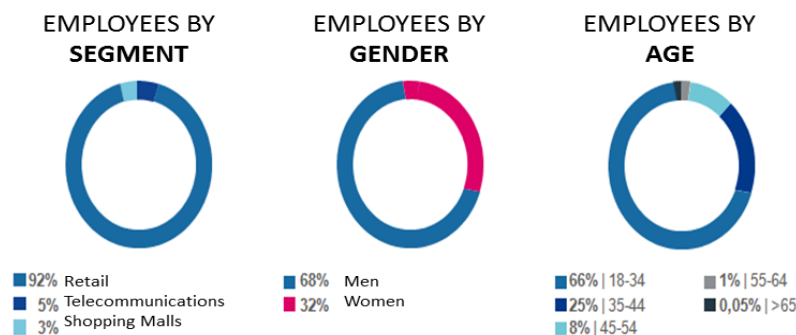


Figure 3: Characterization of the Human Capital

Source: Adapted from the Institutional Presentation

When the Human Capital of a company is being analysed, it is important to talk about its organizational culture. Schein (1985) defines organizational culture as the way that people work together and develop a set of beliefs, about themselves and the others, concerning what is accepted or wrong and pass it to the new generations. Hofstede (1999:180) adds that organizational culture is “the collective programming of the mind which distinguishes the members of one organization from another”.

The company describes its culture as balanced and healthy, promoting equal opportunities and prohibiting any kind of discrimination. They are extremely concerned with its employees’ employability and, therefore, retaining the best employees is a constant priority. Thus, the company tries to ensure the best career progression opportunities, including also the mobility and stability factors.

Training and professional development is another important concern constantly present in its Human Capital strategy. The company ensures that the employees have opportunities to develop their professional career, keeping them motivated with different challenges and providing the adequate training courses, so that the employees can design and achieve their path of growth into the company. In 2010, 1.499.795⁶ hours of training were provided, which was translated in 35 hours of training by employee. Through this way, the company ensures that their Human Capital have the necessary tools to grow, supporting formal education, promoting internal mobility and performance incentives, based on each employees performance.

5.5. Financial Analysis

The economic context in Portugal has not been favourable to the companies’ economic growth, nevertheless, this Group has been considerably stable. Although the previous year (2011) was not extraordinary for the company in terms of financial results, comparing the last three years there is an evidence of growth.

Over the last three years, the enterprise registered growth in activity with a turnover increase of 4%⁷, although in the last year it was registered a slightly decrease (0,8%) compared with 2010.

⁶Institutional presentation

⁷Excluding petrol stations

The following graphic shows the turnover evolution on the last three years.

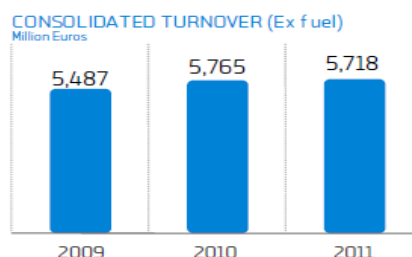


Chart 1: Consolidated Turnover Evolution

Source: Financial Analysis Report 2011

The Recurrent EBITDA followed the same tendency, registering some fluctuations, justified by the difficult macro environment, as it can be seen on Chart 2⁸:

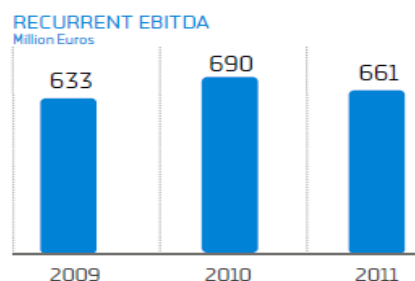


Chart 2: Recurrent EBITDA Evolution

Source: Financial Analysis Report 2011

The Net Results of the Group were also unstable during this last three years. From 2009 to 2010, the company rose 79%. This growth was mainly due to the specialized retail business area as more than fifty stores were opened in Spain and Saudi Arabia, representing a growth of 12.3%. However, in 2011 the Group registered a decrease of 39% justified by the unfavourable Iberian economic situation (Chart 3).

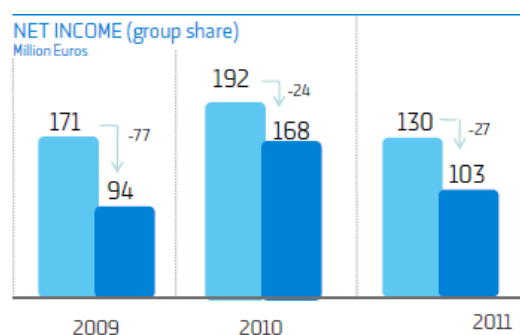


Chart 3: Net Income Evolution

Source: Financial Analysis Report 2011

⁸ For more detailed information consult Annex II and III.

The following chart shows the main financial balances on the last years, where it can be seen that the Group achieved a significant deleverage since 2009:

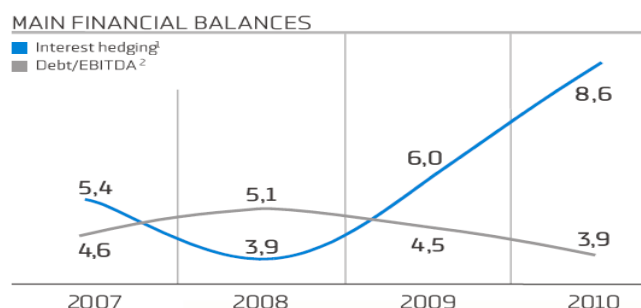


Chart 4: Main Financial Balances

Source: Financial Analysis Report 2010

5.6. Sustainability Practices

Sustainability is defined as the “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland Report, 1987). Aware of the importance of this concept, the company covers the three pillars of sustainability – economics, social and environmental – in its corporate strategy.

Regarding economic sustainability, the company has a well-established Governance Model (Annex IV), with all the recommended committees, to promote Corporate Responsibility and sustainable development taking into consideration the interests of the stakeholders. The company also has a risk management plan with the aim of creating value by managing and controlling uncertainties and threats that can affect the business objectives and the company’s performance.

In terms of Social Responsibility, the company believes that their businesses must contribute to the promotion of social and cultural well-being in the communities where it operates. Thus, in 2010 the company had supported 3,082 institutions, investing 10.4⁹ million of Euros on it. Financial supports and special events were done not only to charity institutions but also in the areas of environment, culture, education, health, sciences and innovation.

⁹Institutional presentation

Regarding environmental sustainability, the company has been developing special measures with the aim of improving the quality and security of the products and services provided, as well as improve its environmental performance. The water consume, the waste production and the energy consumption are three of the company's main concerns.

5.7. Awards and Recognitions

The following figure shows the most important awards and recognitions received by the company's group on the last two years. The most recently and also one of the most important recognitions that the Group won was being considered one of the most ethical companies in the World.



Figure 4: Awards and Recognitions Received

Source: Institutional Presentation

6. Profile of the Insignia Studied

6.1. Internal Analysis

6.1.1. Description of the Insignia's Activity

This project is focused in one of the insignias that belong to the company's Group, inserted in the specialized retail business unit. This firm is specialized in the Electronics and Appliances Retailer business assuming a position of leadership in the Portuguese market. The first store was open in the 90's in the North of the country and since then, dozens of stores are being open in the Iberian Peninsula (consult the chronology of the insignia in the Annex V). Nowadays there are more than 130 stores in Portugal, while in Spain the number rounds 33 stores. The company also has an on-line store and recently provides the service of phone-selling.

The insignia's business model aims to provide the customer with a wide range of products, having variety as a key success factor and paying always careful attention to new products that emerge in the market. However, the insignia considers price as its main competitive advantage and main commitment to the community. This commitment is complemented with a high quality level of service, granted by friendly staff, and having the after-sale services as another distinctive aspect.

Another important concern for the company is to follow the tendencies, life-styles and consumer habits of their customers, aiming for exceeding their expectations and anticipating their desires. Therefore, one of the highest company's investments consists in providing continuous training to its collaborators as they are the image of the firm. Furthermore, the personalized treatment and the deep knowledge of the collaborators are the tools that create the relation of empathy and proximity with all the clients that characterize the insignia. Thus, dynamism, youth and innovation are the spirit defended by the company.

6.1.2. Organizational Values

The values defended by the insignia are the same ones defended by the company's Group.

6.1.3. Strategic Orientations

As mentioned before, the insignia is one of market leaders in the electronics and appliances retail in Portugal. They believe their success is due to their constant innovation and their capacity of surprising their customers, improving the stores environment and anticipating the market tendencies. Thus, their corporate strategy aims to achieve two main goals: reinforce the proposal of value to their clients, focused on efficiency and innovation; and growth, through acquisitions and organic growth.

Regarding its Value Proposition, the company is committed to:

- Have the best prices in the market;
- Offer a wide range of products in the area of electronics and appliances;
- Investing in the constant training of the Human Capital, taking into account the customer orientation, in order to ensure a friendly and personalized treatment, with the aim to achieve customer's trust and loyalty;
- Create and develop different services, always presenting the best solutions to their customers;
- Investing in constant innovation, through the products that are available and the specific spaces in the interior of the stores.

Concerning the growth strategy, Spain has been the chosen country to invest abroad having around 33 stores at the moment. The decision of expanding the insignia to this country was taken in 2008, when the opportunity of acquiring nine stores, similar to the company's ones, emerged. This decision has facilitated the entrance in the Spanish market allowing the company to take advantage of the benefits left by the previous company. However, the concept introduced by the insignia was quite different from the acquired one, much more modern and attractive, offering a wider range of products and services. In 2009, the nine stores were opened with a totally different image and consequently a distinct concept.

The main goal was to provide customers with an excellent buying experience compared with the concept offered by the main players in the Spanish market. The company wanted to distinguish itself from the competitors not only due to price, but also due to customers' treatment and after-sale services, this last one is much more limited in Spain constituting an important competitive advantage for the insignia.

The expansion in Spain, in the last four years, was really quick and is still part of the company's strategy to continue to grow and increase its geographic presence in this country, with the aim of consolidating an important position in the Spanish and consequently Iberian market. Moreover, the international expansion represents more than 20%¹⁰ in the receipts of the specialized retailed business unit and one of the goals of this insignia is to improve its contribution to the increase of this number, highlighting always the importance of growing in a sustainable away.

6.1.3.1.1. Ansoff Matrix

The Ansoff Growth Matrix is a management tool that assists organizations to map strategic market growth¹¹. It intends to reflect about what is the company's growth strategy, exploit the existing marketing or a new one? Emerge with new products or with the existing ones?

In the studied company, one can assume that its strategic guideline aims to increase market penetration/consolidation (Figure 5). In Portugal the company wants to increase its market share, with its existing products and services. It is not trying to develop new products or entering a new market. Regarding Spain, they are trying to penetrate at the moment through acquisitions, in a market where they are recently present. Thus, market penetration/consolidation aims to take part of a competitor's entire market share. Therefore, it is considered a low risk method to grow.

		Products	
		Existing	New
Markets	Existing	Market Penetration Consolidation	New Products and Services
	New	Market Development	Diversification

Figure 5: Ansoff Matrix applied to the insignia

Source: Adapted from www.ansoffmatrix.com

¹⁰ Insignia's magazine

¹¹ <http://www.ansoffmatrix.com/>

6.1.3.1.2. Porter's Generic Competitive Strategies

Porter (1998) posits that the relative position of a firm within its industry is one of the central questions in competitive advantage. The same author adds that a firm that can position itself well may earn high rates of return even if the industry structure is not favourable. Thus, there are two types of competitive advantage: low cost or differentiation, and those two types combined with the scope of activities that the firm wants to achieve lead to three *generic strategies*: cost leadership, differentiation and focus (this last one has two variants – cost focus or differentiation focus). According with the same author, the cost leadership and the differentiation strategies seek competitive advantage in a broad range of industry segments, while focus strategies focus on cost or differentiation in a narrow industry segment. In the company being analysed, the strategy pursued is *Cost Leadership* (Figure 6), as their Value Proposition suggests, they want to have the best prices in the market. The firm also searches for differentiation but in the services provided, taking always in account to offer the lowest prices.

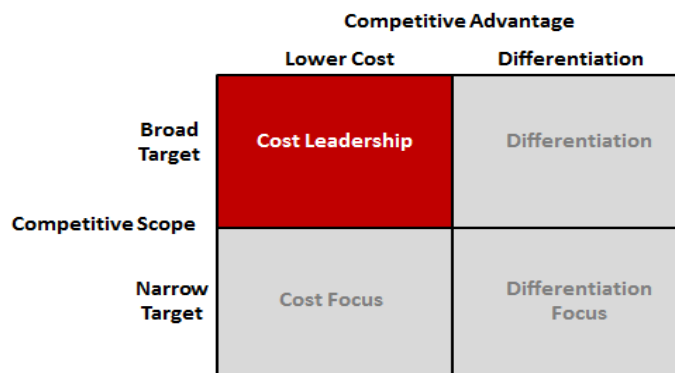


Figure 6: Porter's Generic Competitive Strategies Model applied to the company **Source:** Adapted Porter's (1998)

6.1.3.2. Marketing Approach

6.1.3.2.1. 4 Ps

- **Products and Services**

As mentioned before the insignia's core business is the electronics and appliances retail, more specifically, they offer products in the areas of audio-visual, kitchen appliances, informatics,

entertainment and communication.¹² Regarding services, the insignia offers: after-sale assistance/ Contact Center Services (available every days of the week, trough phone contact, e-mail or presently at the stores), home deliveries (free for the delivery of big appliances in all the country), Insignia's Credit Card (allows the payment of the article in fees, with or without interests charged, depending on products chosen), technical assistance (at stores and at home)¹³, etc. It is also important to mention that the company has their own brand, although with a different name.

▪ **Price**

The company's policy aims to have the best prices in the market. Thus, the profit margins can be low but are compensated with the high number of sales and these prices can only be offered due to the company's equilibrated cost structure. Moreover, its price policy is reactive to the competitors' one, as if the company knows that other competitor is offering a cheaper price, they offer the customer the opportunity of buying in their stores for the same price as the competitor.

▪ **Place**

As mentioned before, the company has more than 130 stores in Portugal, covering the entire country including the island of Madeira. In Spain, as the expansion has recently started, the geographic coverage is lower. However, there are already more than 30 stores, two of them in the Canarias islands and one in Palma de Mallorca. In both countries, these stores are usually present on the shopping malls. Moreover, they also have an on-line store available at their web-site and recently offer the service of buying through their phone-line of the Contact Center.

▪ **Promotion**

The firm studied invests a lot on promotion, from TV adds, to outdoors, brochures, website, *Facebook* page and newsletters. For instance, on national television, different TV ads are passing at the same time with different well-know people. Furthermore, they also have a famous actress as the face of the brand appearing in all the publicity adds. The promotions are currently communicated through outdoors in the main streets. Weekly brochures are also distributed on

¹² For more detailed information about the products offered by the insignia consult Annex VI.

¹³ For more detailed information about the services offered by the insignia consult Annex VII.

people's houses in the cities where the firm is present. All the campaigns are also well promoted on the web-site, *Facebook* page and on the weekly newsletter.

6.1.3.2.2. Target and Positioning

The company's target is broad, as they aim to be the price leaders on the market but also differentiate with the amount of services offered, they want to achieve from the lowest to the middle classes.

They want to be positioned as the a *Top of Mind* brand, with the image of being not only the price leaders but also a brand of trust, that offers the necessary pre and after selling services in order to ensure the customer the best cost/benefit of its product.

6.1.3.3. Sustainability Practices

The insignia follows the Group ideologies in terms of sustainability practices, thus, it takes advantage of its business field – electronics and appliances – with the aim of contributing to a better world.

Some of its well-known campaigns are related with the collection and recycling of old equipment, without any extra-costs for the customers. On the last Christmas campaign, for each ton of old equipment collected, the company offered 100€ in new equipment to social institutions. Another successful campaign was done on the previous year, also in Christmas, where the company prevented a children's social institution to close. The campaign consisted in applying for customers to round up the final value of its purchases, contributing from one cent to one euro. The company also supports the national culture with projects that aim to divulgate new talents in the music field.

6.1.3.4. Awards and Recognitions

The company has won, on the last two consecutive years, the recognition of *Brand of Trust* by the Portuguese customers. Moreover, the company was also chosen, by the readers of the magazine "PC Guia" as the *Best Post of Sale of Informatics Equipment*.

6.1.4. External Analysis

6.1.4.1. Macro-environment Analysis – PESTEL

This analysis aims to identify the external political, economic, social, technological, environmental and legal factors that affect the electronics and appliances market and might influence the company's performance. The analysis is focused in the Iberian market.

PESTEL Analysis	
Political	<ul style="list-style-type: none"> • Political instability is increasing in Portugal and is already installed in Spain. • The entrance of Troika in Portugal has many implications in the Portuguese purchasing power.
Economic	<ul style="list-style-type: none"> • Economics' recession and financial uncertainty affects customers' purchasing power; • Macroeconomic elements might not be favourable: decrease on GDP; increase on consumer prices index; inflation, etc. • Increase of unemployment rate (12,4% in Portugal and 21,5% in Spain¹⁴) • Some Portuguese companies are diminishing their exposure to the national bank, issuing obligations to the international ones¹⁵.
Social	<ul style="list-style-type: none"> • Electronics and appliances goods purchases correlate closely with income and educational level; • Economics' recession and rise of unemployment changes the customers' behaviours and lifestyles; • Since 2008 there was a generalized fall of the technological goods' revenues. Portugal, in the 2nd trimester of 2011, registered a decrease of 12,8% on the TEMAX (Technical Market Index) . • Price has won an extremely importance in the customers' choices, due to the financial instability.

¹⁴ Number registered for the 3rd trimester of 2011: <http://www.ine.pt>

¹⁵ Source: Diário Económico 13/12/2011

	<ul style="list-style-type: none"> ▪ Some electronic and appliances products are considered first need goods. ▪ New technology “addiction” tendency: importance of following the new electronic tendencies (e.g. tablets, smart phones, 4G mobile phones, etc.) ▪ Customers’ preference for retailers’ brands is increasing. ▪ Younger generations see some electronics goods as indispensable for their daily lives (such as mobile phones; portable music, etc.). ▪ In some professions electronics goods are indispensable working tools.
Technological	<ul style="list-style-type: none"> ▪ The product life cycle especially for the electronics goods is very short. ▪ Innovation is the key macro force in the industry. It is critically important for retailers to follow the tendencies. ▪ A phenomenon known as “upgrade cycle” (continuous technological improvement) lead the informatics’ equipment to be quickly outdated and drives waves of new purchases among business and consumers. (50% of computer hardware product profits are created during the first 3 – 6 months of sales) ▪ The importance of the social networks is increasing and is producing changes in the way through which companies communicate with its clients; ▪ Piracy is increasing leading to a decrease in sales of copyrighted music CDs, games, movies, software programs, and so on.
Environmental	<ul style="list-style-type: none"> ▪ Physical resources, environmental issues, and weather have little impact on the computer industry given that electronics and appliances goods are artificially manufactured. Although, it might gain a huge importance when natural disasters destroy the production centres. E.g.: Thailand floods destroyed the Western Digital centre of production led to an increase in its products prices; ▪ Energetic efficiency is a criteria that is gaining huge importance in the customers’ choices; ▪ The generalized increase of environmental concerns affects the industry, especially in terms of the recycling of old equipment;

<p>Legal</p>	<ul style="list-style-type: none"> ▪ EU rules that recast of the WEEE¹⁶ and RoHS¹⁷: <ul style="list-style-type: none"> - Directive 2002/95/EC – restriction of the use of hazardous substances in electrical and electronic equipment. - Directive 2002/96/EC – promotion of the collection and recycling of electrical and electronic equipment. ▪ Laws differ between Portugal and Spain concerning the regulation of the selling of consumer goods and the respective warranties: <ul style="list-style-type: none"> - Portugal: DL 67/2003 and DL 84/2008 - Spain: Law 23/2003
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Table 1: PESTEL Analysis

Source: Auto-developed

6.1.4.2. Industry Analysis

“The first fundamental determinant of a firm’s profitability is industry attractiveness” (Porter,1998:4). This sentence highlights the importance of analysing the industry in order to have a better perception of the market area where the company is operating. According to the same author, a competitive strategy must grow out of a detailed understanding of the rules of competition that determine an industry’s attractiveness.

6.1.4.2.1. Porter’s Five Competitive Forces

Porter (1998) argues that the rules of competition are embodied in five competitive forces: the entrance of new competitors, the treat of substitutes, the bargaining power of buyers, the bargaining power of suppliers and the rivalry among the existing competitors (Annex VIII). The strength of these forces together determines the ability of firms in an industry to earn, on average, rates of return on investment in excess of the cost of capital, as it influences the prices, costs and required investment of companies in an industry.

The following picture shows the *Porter’s Five Competitive Forces Model* applied to the electronics and appliances retail industry, in the Iberian Peninsula:

¹⁶ Waste Electrical and Electronic Equipment

¹⁷ Restriction of Hazardous Substances

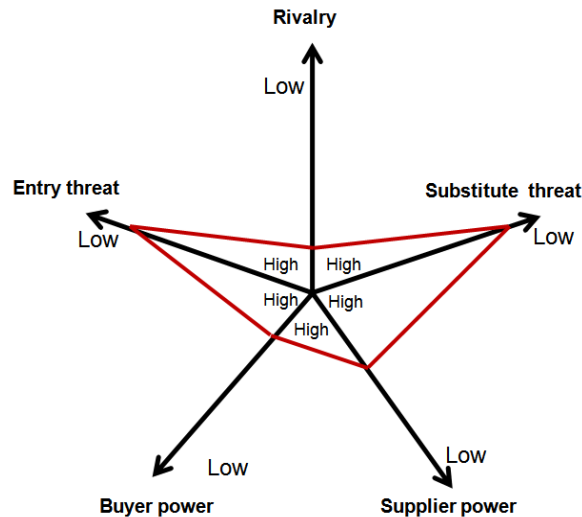


Figure 7: Porter's Five Competitive Forces - Electronics and Appliances Retail Industry, Iberian Peninsula

Source: Auto-developed

As it can be seen in the previous figure, the threat of entry of new competitors is low (it was classified with 2 in a scale from 1 to 5 – Annex IX) as the market is already dominated by a few key players and it seems to be already consolidated. If a new competitor wanted to enter in this industry, it would need to offer the same or more benefits than the players in the market and invest a lot in a market strategy in order to overtake market share from its competitors.

In terms of substitutes treat, the rational is the same. This treat is really low (classified with 1 in a scale from 1 to 5 – Annex IX) as the market is dominated by strong key players and a substitute would need to have unique and innovator capabilities in order to overcome the competitors.

Regarding the rivalry among the existing competitors it is fierce (classified with 5 in a scale from 1 to 5 – Annex IX) as there are relatively few competitors that have high market shares. These competitors offer the same basic products, so their competition is based on price. It is a concentrated market. The competitors offer similar benefits, most of all in terms of price strategy.

The bargaining power of buyers is therefore high (classified with 5 in a scale from 1 to 5 – Annex IX) as almost all of the key players react to the competitors prices, thus if a customer finds a competitor where a certain product is cheaper than in the respective store, it usually gets the cheaper price of the product despite of the place where the customer is buying.

At last, the bargaining power of suppliers is considerably high (classified with 4 in a scale from 1 to 5 – Annex IX) as on one hand, the competition among suppliers is also fierce and all of them want to be present in the most important retailers' stores, but on other, they have the power to negotiate with the retailers the best offers and promotions.

In summary, considering all the five competitive forces, the industry can be considered to be attractive as some high treats are equilibrated with lower ones.

6.1.4.2.2. Industry Life-cycle

The Industry Life-cycle is another important tool to measure the industry attractiveness. Regarding the electronics and appliances retailer market it is entering on the Maturity stage (Figure 8). The competitors are well established in the market, its growth has stabilized as well as its sales. The competition is fierce and based on price, thus, the success at this stage is based on delivering high quality products with low input costs. Therefore, market share and low costs are the keys motors on this stage.

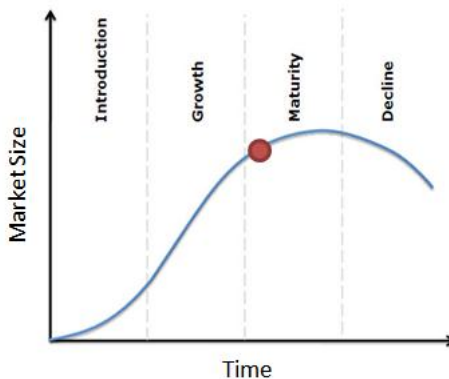


Figure 8: Industry Life-cycle of Electronics and Appliances Retailer

Source: Auto-developed

6.1.4.2.3. Critical Success Factors

The Critical Success Factors of an industry are the product features or services characteristics with which an organisation must outperform the competition because they are particularly valued by the target group of customers.

Analysing the industry of electronics and appliances, one can conclude that its Critical Success Factors are:

- Competitive prices – considering the economic context of the Iberian Peninsula, price has a huge importance on customers' buying decisions, and thus all the competitors want to offer the best prices on the market competing against each other on this field;
- Superior relationships with suppliers – in order to offer the best prices, retailers need to arrange the best deals with the suppliers. All the players want to sell the best brands at the best price. Promotions are also an important aspect to be negotiated with the suppliers as they have a great impact on sales.
- Excellent cost structure – the best prices can only be offered if the company has an excellent cost structures that allows them to offer low prices and still have profits with it.
- Differentiation by services provided – considering that competition is fierce in terms of price strategy and all of them offer similar prices, the characteristics that constitute a distinguish factor are the services provided by the retailers.
- Quality customer service – as the decision of buying an electronic or an appliance good, most of the times, is not impulsive, it is important for the retailers to have friendly and helpful staff, who must have a deep knowledge about the products in order to offer customers the best advises and transmit them confidence, making clients believe that they are buying the right product.

6.1.4.3. Competitors Analysis

In a strategic analysis it is essential to evaluate the competitors and compare them with the company studied. Besides this company, in the electronics and appliances retailer market there are other four key players. In order to ensure the privacy of the company studied, the name of the other competitors will not be mentioned.

- **Competitor 1**

This is a Portuguese company which has around forty stores in the country and is starting to expand to Spain (around four stores). The concept is similar to the company studied, sells the same products at similar prices, thus the target group of customers is the same. Its strategic orientation is also *Cost Leadership*. In terms of services, they have: home deliveries, without extra-charges in an area of 50km; repair assistance and installations service. They have a website, where the customers can make on-line purchases and expose their doubts, leaving their questions on the site. Nevertheless, this company does not have a Call Center and consequently, does not have phone-call selling. The company also has *Facebook* page. The investment on communication is low.

- **Competitor 2**

This competitor is a German company with a weak geographic presence in Portugal (ten stores) but strong in Spain (more than fifty). The company is totally focused on Cost. The range of products available is limited and all the extra-services are paid. However, this company has a strong notoriety in Portugal due the investment done on advertising through TV adds, journals and brochures. They have Website, *Facebook* page and on-line store.

- **Competitor 3**

The strategic orientation of this company is differentiation and its concept is totally different from the others competitors. This store is similar to a shopping mall and has different floors regarding the business area. Its competitive advantage is personalized treatment as there many employees, dressed with suits, and always willing to help and counsel customers. There are only two stores in Portugal and sixteen in Spain. Regarding the investment on publicity in the electronics and appliances area it is low which can be justified once that their target is narrower.

- **Competitor 4**

These stores are specialized in the electronics markets and do not sell appliances. The concept is also different from the competitors. They are focused on offering their customers a place to relax, for instance, they have small cafeterias in their stores where customers can have a coffee

while reading a book. They also have leisure spaces where customers can try the products (e.g. videogames). They have around seventeen stores in Portugal and twenty three in Spain. The investment on communication is also low, once again justified by its target.

▪ **Competitor 5**

This competitor is only present in Spain with approximately forty stores. The concept is similar to the company one, but there is a little difference on prices (that are higher) which is compensated by the free services they provide.

6.1.5. SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ▪ Competitive prices; ▪ Products' variety; ▪ Extra services provided; ▪ Friendly staff; ▪ Brand notoriety; ▪ Geographical cover; ▪ After-selling services; ▪ Focus on clients' orientation; ▪ Contact Center available every days, from 8 a.m. to 12 p.m.; ▪ On-line and phone selling services; ▪ Accompaniment of the repair processes, even if the product is from other brand; ▪ Effective supply chain management; ▪ Strong relationship with the suppliers. 	<ul style="list-style-type: none"> ▪ Lack of knowledge from the stores' staff about products characteristics; ▪ Small geographical coverage in Spain; ▪ Few brand notoriety in Spain compared with some competitors;

Opportunities	Threats
<ul style="list-style-type: none"> ▪ Technology market is on constant innovation and the number of “new technologies’ addicted” is growing; ▪ The concept of retail stores in shopping malls is increasing the number of adepts; ▪ Customers are more sensitive to price; ▪ Customers are more concerned about companies’ sustainability practices; ▪ Preference for distributors’ brands is increasing; ▪ Recover to on-line and phone purchase is increasing. 	<ul style="list-style-type: none"> ▪ Financial instability affects customers’ purchasing power; ▪ Inflation has a significant impact on sales; ▪ Customers are becoming more rational on their purchases; ▪ Trivialization of piracy facilitates the access to some products; ▪ On-line selling shops of used products (e.g.: E-bay, Amazon, Pixmania, Olx, etc.) are becoming a safety option for many customers.

Table 2: SWOT Analysis

Source: Auto-developed

7. Profile of the Contact Center

The company's Contact Center is assigned to an outsourcing firm. It has around 100 employees and handles, in average, approximately 1590 calls and 200 e-mails per day. It is open every day of the week, from 8 a.m. to 12 p.m. The Contact Center is divided in two big teams, one responsible for Portugal and other responsible for Spain, and these teams are sub-divided in other six different teams: *Inbound*; *Mails*; *Home Deliveries*; *Repairs*; *On-line* and *Red-line*.

The *Inbound* team is responsible for answering the calls. When the customer calls to the Contact Centre, five IVR (Interactive Voice Responses) appear, in order words, the customer hears five automatic answers and he/she has to pick one, pressing on the correspondent phone button. The five options are: *Technical Assistance and Repair Processes*; *Home Deliveries*; *Available Stock*; *On-line Orders* and *Services*. The operators must answer all the calls independently of the subject¹⁸ and, if necessary, create a process and send it to the right team who can solve it. They have to follow a script of treatment during the call, starting by introducing the company and themselves and finishing by thank to the customer for his/her call.

Customers can also send an e-mail to the company, instead of calling, and for answering those e-mails there is the *Mails* team who must give a response in four hours.

Regarding the *Home Deliveries* team, they must ensure that everything is in order with the deliveries. They are responsible for making the communication between the driver and the client, for example when the driver is late or is having difficulty in finding the address, the driver sends a kind of an e-mail from his self-phone to the team who then informs the client. Another task, for instance, is to warn the customer half an hour or one hour before the driver gets to their house (according with the customer's request).

The *Repairs* team is responsible for making the communication between the repair department of the product's brand and the customer. When customers call to the Contact Center saying their equipment is damaged, the inbound operator who answers the call creates a process and sends it to this team. Then, this team is responsible for sending this process to the right repair technician

¹⁸ There is an exception on the *Online Orders*' IVR option as these calls are exclusively answered by the collaborators of the *On-line* team.

according with its products brand and after this they must control the unroll of the whole process, which means verify if the technician has appointed a day for visiting the client and repair the equipment (in the following seven days as accorded) and then confirm with the client if everything went well and the equipment is correctly functioning.

The control of the on-line orders is in charge of the *On-line* team as they must analyse the order and ensure that the product will be on the customer's home in the following 48 hours.

At last, there is the *Red-line* team which treats the customers' complains and tries to avoid the emerging ones. For instance, if a client is in the store and wants to present a formal complaint, the store calls directly to this team so that they can present a solution and try to avoid the claim.

All the teams fit really well with each other and work together in order to leave customers satisfied.

On an analysis done by the company's Marketing Research Department to 630 customers that contacted the Contact Center between October and December 2011 it was concluded that 94,2% of the customers considers that it is easy to contact the Contact Center, being the web-site (40%) and the purchase receipt (36,5%) the means through which customers had access to the number/e-mail contact of the company.

Regarding the treatment provided by the operators, customers consider that they were really kind (87%)¹⁹ and professional (84%)²⁰. Considering customers' expectations, the majority of respondents refered that their expectations were exceeded, especially regarding sympathy on the treatment and professionalism provided (52% and 51% respectively). Nevertheless, the waiting time (44%), the time required to solve the issue (48%) and the efficiency on the resolution (49%) were below customers' expectations.

¹⁹ Evaluated on a scale from 1 to 10, 87% of the customers classified the sympathy of the treatment above 7.

²⁰ Evaluated on a scale from 1 to 10, 84% of the customers classified the professionalism of the treatment above 7.

8. Contact Center Analysis - Key Areas for Improvement and Proposed Solutions

As mentioned before one of the main goals of this project is to optimize the quality of the Contact Center services provided by the company. In order to achieve this goal, the researcher of this project was sited next to at least one operator of each team, observing everything he/she was doing, including listening the calls at the same time than the operator. This process allowed understanding the issues that might cause dissatisfaction for customers or be an obstacle to production. To each issue identified a proposal for solution will be presented, making the Contact Center be closer to a Customer Interaction Center.

▪ In-bound Team

Problem 1: Most of the situations cannot be solved on the first contact

On the in-bound team, the main problem detected was the fact that most of the situations presented by customers cannot be solved on the first contact. In other words, customers call and end up by hanging up the phone without having their issue solved or question clarified.

In real numbers from the 400 calls audited only 54,5% were solved on the first contact (Chart 5).

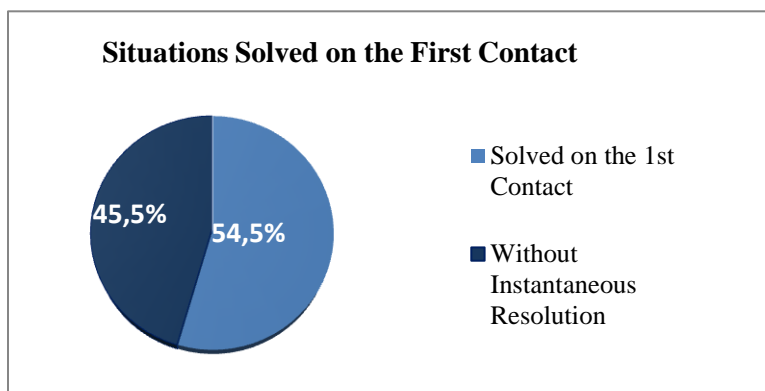


Chart 5: Situations Solved on the First Contact

Source: Auto-developed

In order to have a better perception of this issue, a more detailed analysis was done accordingly with the IVR option chosen by the customer (Annex X to XIV). Therefore, it was concluded that *Technical Assistance and Repair Processes* and *Home Deliveries* are the options that most of the times cannot be solved on the first contact (54%), followed by the *Available Stock* (48%) and by

the *Services* (46%) options. In opposition, on the *On-line Orders* only 20% of the situations were not solved on the first contact.

This fact leaves the client with the feeling of uncertainty and lack of confidence regarding the resolution of its problem. To measure this variable in the same 400 audited calls, it was analysed if the client seems to be satisfied with the answer provided by the operator or if, in opposition, the customer shows disagreement or disappointment with the presented solution (Chart 6). It was then concluded that 63% of the customers become satisfied, however the other 37% were not and this is a considerable percentage taking into account that the company is totally customer oriented.

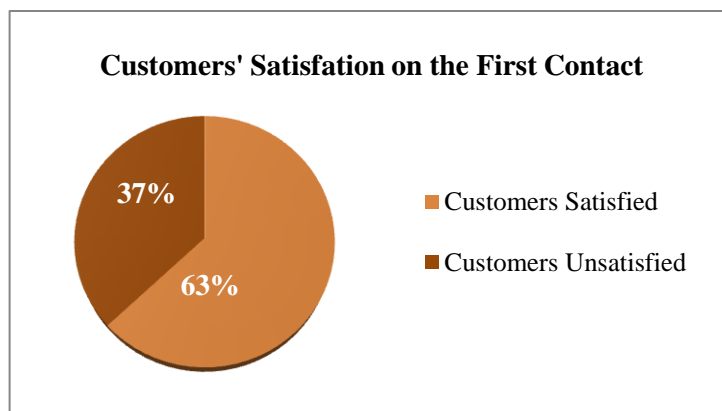


Chart 6: Customer's Satisfaction on the First Contact

Source: Auto-developed

On a more a detailed analysis, considering the IVR option selected by the customer, it was concluded that *Available Stock* and *Technical Assistance and Repair Processes* are the options where the customers are more unsatisfied (43% and 42% respectively), followed by *Services* with 38% of dissatisfaction. The option where clients are more satisfied is logically the *On-line Orders* (78%) as it is the option where most of the situations get solved on the first contact (80%) (Annex XV to XIX). Therefore one can conclude that solving the issue on the first contact leaves the customer satisfied.

Solution: In order to present the best solution for this issue it is essential to understand the work flow of this process. As mentioned on the previous chapter, all the calls are answered by the *In-bound* team independently of the IVR option chosen by the customer except on the *On-line Orders'* IVR in which it is exclusively the *On-line* team who answers the calls. On the other calls, the *In-bound* operators answer them and usually three situations might occur: the operator can give the solution/answer to the customer (e.g.: availability of stock, consultation of repair

processes, etc.); the operator informs the customer that he/she has to go to the physical store (e.g.: products replacement, send small equipment for repair, purchase of some services, etc.); or the operator has to forward the case to respective team (Home Deliveries Team or Repairs Team) that will later contact the customer. The following figure illustrates this process (Figure 9):

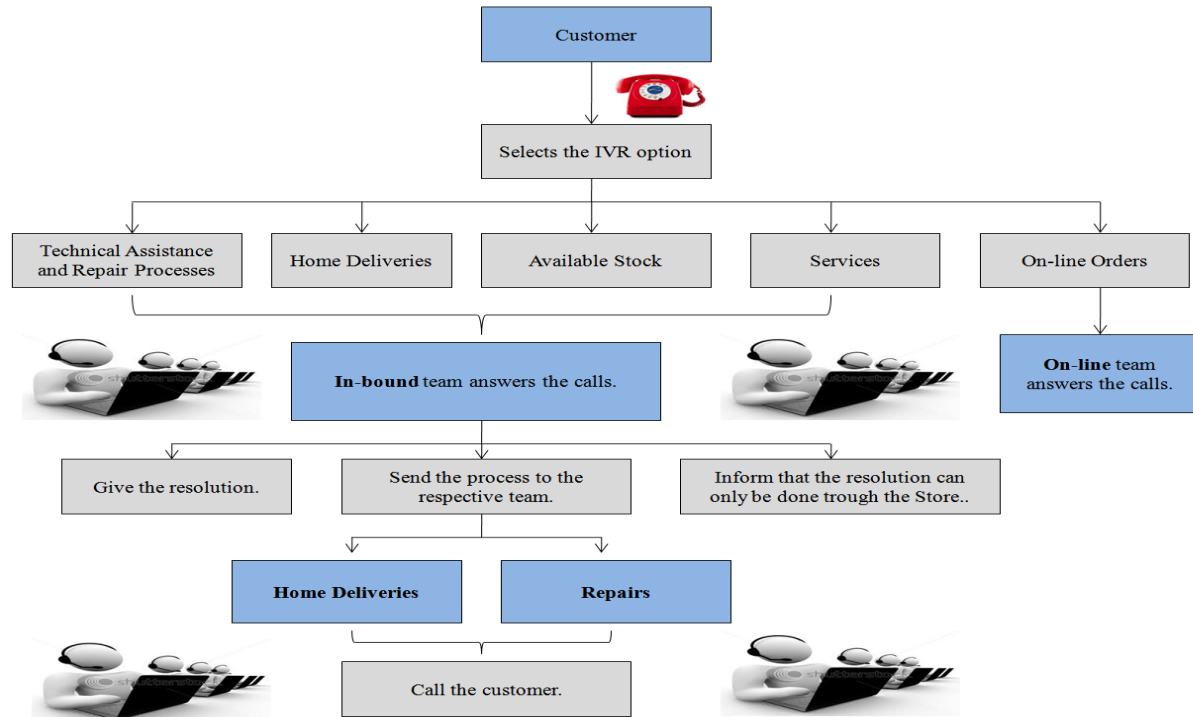


Figure 9: Workflow

Source: Auto-developed

On this last situation, most of the times, the company ends up by calling the customer five to ten minutes later the customer call. However, when the customer hangs up the phone in the first call, there is a certain feeling of uncertainty regarding the issue resolution. This situation could be avoided if the option of IVR selected by the customer was used as tool to do the screening of the calls and direct them to the right team. This change on the process would lead to an increase of the percentage of issues solved on the first contact and consequently improve on customers' satisfaction. The following figure (Figure 10) shows how the workflow could be redefined:

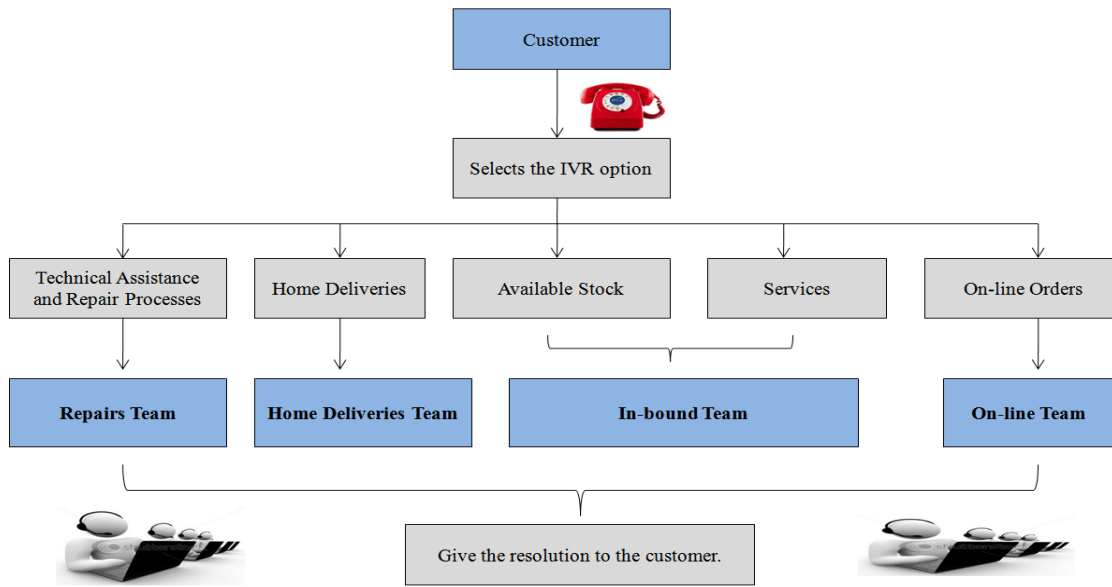


Figure 10: Suggestion of Workflow Redefinition

Source: Auto-developed

Taking into account the redefinition of the workflow it is important to analyse the impact that this change would have regarding the processes related with the *Home Deliveries* and *Technical Assistance and Repair Processes* IVR options.

Regarding *Home Deliveries* IVR option, one a more detailed analysis it can be seen that the issues brought by the customers and that cannot be solved on the first contact are related with requests for a prevision of the delivery time or requests for change of the delivery time scheduled. In real numbers, from the 45,5% calls that were not instantaneously solved 67% were Delivery Time Prevision's requests and other 7% were requests for Change of the Delivery Time Scheduled²¹ (Chart 7).

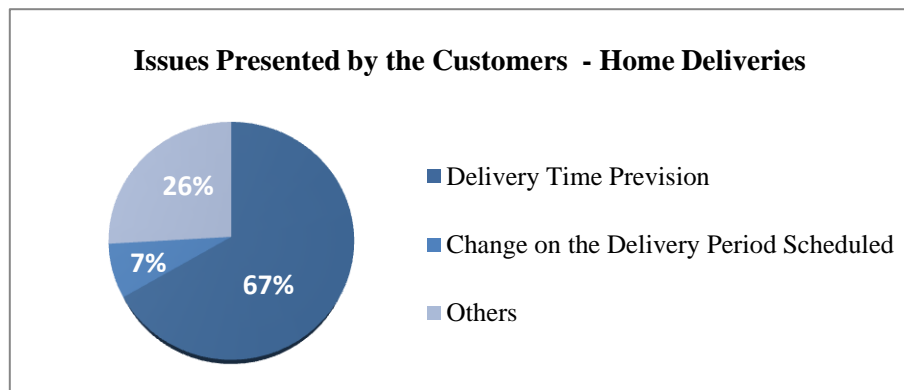


Chart 7: Issues Presented by the Customers - Home Deliveries

Source: Auto-developed

²¹ The other 26% refer to isolated issues.

On the case of the requests for a Prevision of the Delivery Time, when customers buy an appliance or a big TV on the store, they have the option of asking for delivering the product at home without any extra-charge and then they can choose the day and period of the delivery. There are three periods available: from 8 a.m. to 2 p.m.; from 2 p.m. to 8 p.m. and from 6 p.m. to 10 p.m.²². On the delivery date, the customer must be available during the whole period as the company cannot give a prevision of the delivery time till the period begins.²³ Therefore, customers call a lot in order to have a better prevision of the delivery time. Regarding the Change on the Delivery Period Scheduled requests the process is exactly the same and the client calls because for any reason he/she cannot receive the product on that date and asks for changing it.

However, for the inbound operators it is difficult to answer these questions as they do not have access to the system where the deliveries are scheduled and sometimes it is necessary to call the drivers to have a prevision of the delivery time, thus, they tell the customer that they will report the situation to the Home Deliveries department and someone will call them in a few seconds. Then, they send an e-mail to that team explaining the situation, and asking them to contact the client.

If the new structure of work was implemented the number of unsolved situations on the first contact would be reduced in 40% and in consequence the customers' satisfaction would increase.

Regarding the *Technical Assistance and Repair Processes* IVR option, it is more difficult to analyse as 52% (Chart 8) of the issues presented by customers that were not solved on the first contact refer to isolated cases. Furthermore, it was also concluded that 37% of the calls were requests for Technical Support which cannot be given by phone^{24,25}, thus if it a small equipment, the operator advices the customer to go to the physical stores that have technical assistance service, while if it is a big appliance the operator creates a process of repair and the customer will be later contacted by the technician of the equipment brand. In this case the *Repairs* team

²² This nocturne period is paid.

²³ This issue will be later explored on Problem 2.

²⁴ This issue will be later explored on Problem 3.

²⁵ On the previous year the company had the service of Technical Support by phone, however it was considered to be not rentable as the costs of having specialized technicians were really high compared with the impact on customers' satisfaction.

cannot help as they are not specialized technicians. The other 11% refer to requests for scheduling the visit of the technician which is also done by the brand of the equipment. However, in this case the *Repairs* team have an important role as they can do triangulations on calls between customers and the equipment brand as they usually do.

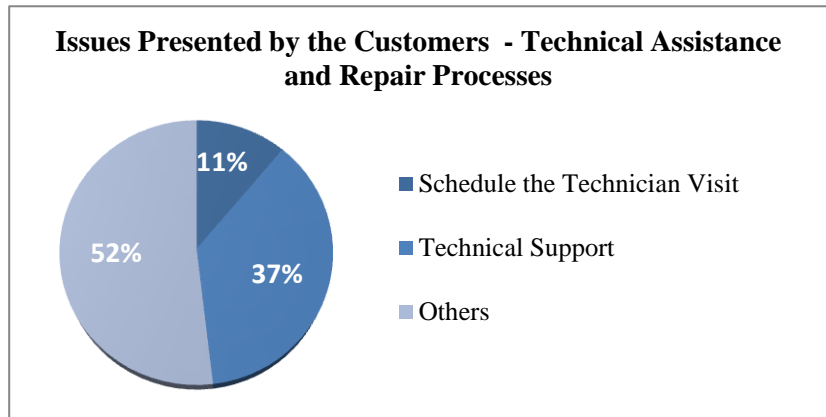


Chart 8: Issues Presented by the Customers – Technical Assistance and Repair Processes

Source: Auto-developed

Thus, it can be concluded that this new division of work would help to decrease the percentage of unsolved situations on the first contact and consequently it would increase customers' satisfaction, however it cannot be given a realistic estimation of that decrease considering that most of the issues are isolated although some of them could be solved on the first contact with the help of the *Repairs* team.

Problem 2: Difficulty in giving a prevision of the delivery time

As mentioned before 67% of the calls that are not solved on the first contact refer to requests for previsions of the delivery time. This happens because customers do not have a precise idea of when will be the delivery done as when they buy the product in the store, they can only choose the delivery day and the respective period²⁶, which include a huge number of hours. The reason of this is because the motorists have the freedom to change the routes defined by the company if it is more convenient for them. Therefore, the only person that can give a prevision of the delivery time is the driver. Thus, when the customer calls requesting a prevision of the delivery

²⁶ As mentioned before there are three periods available: from 8 a.m. to 2 p.m.; from 2 p.m. to 8 p.m. and from 6 p.m. to 10 p.m.

time, the in-bound team sends an e-mail to the *Home Deliveries* team who will call the driver to have the prevision and will then call the client to inform him/her.

Solution: In order to give the customer a more precise prevision of the delivery time, the best solution is to not allow the motorists to make changes on the defined routes. At the moment, on the previous day of the delivery the customer receives a sms confirming that the delivery will be done on the following day, on the selected period. As the routes are defined on the previous day, if the suggested rule was applied, the sms sent could not only confirm the day and period of delivery but also give a more precise time, which would certainly decrease the number of calls requesting previsions and increase customer satisfaction as it would not be necessary anymore to lose the whole morning or afternoon waiting for the delivery. The ideal situation would be to define the routes two days earlier, so that the customer could be advised of the delivery period with one day of antecedence allowing him/her to better “orient his/her life”.

Problem 3: Technical Assistance cannot be given by phone

The service of Technical Assistance by phone was a reality till the end of last year. When this service was available, if the customer called saying his/her equipment was damaged, there was a team of specialized technicians in the Contact Center who did the screening of the problem detected and helped the customer to understand if the equipment was really damaged or if it was just the customer who was having some difficulty in managing the equipment (which occurred often when the equipment was new). Although, this service was very useful it was considered to be not rentable as the costs of having specialized technicians were too high compared with the impact on customers’ satisfaction. Thus, at the moment when the customer calls reporting a problem with the equipment, the in-bound operators just inform them that, if it is a small equipment, the customer should go to one of the stores who have repair services, and if it is a big appliance the operator creates a process so that the technician of the respective brand can go to the customer’s home²⁷. Therefore, if there isn’t any problem with the equipment, the visit of the client to the store or the visit of the technician to the customers’ house was unnecessary and it is also important to consider the costs of those visits. Nevertheless, this is not the worst consequence of quitting this service. The main issue for the Contact Center is the impact that this

²⁷ These services are given for free if the product is on warranty.

situation is having on the normal flux of calls as customers keep calling to the Contact Center asking questions that the operators cannot answer. Thus, the average of call's duration has been increasing since this service ended, as clients insist in having their questions clarified. In consequence some other calls are being lost, because the operators are busy with that kind of calls. Furthermore, when the equipment is new the customer gets mad for having to come back to the store, or wait for the technician visit which can only occur two days later.

Solution: As the company has repair services in some stores, with specialized technicians, it could be a good option to have those technicians providing technical support by phone during the hours that the flux of customers in the store is lower. Therefore, when the customer calls the Contact Center, the in-bound operator could take note of the issue reported and then create a process and send it to the store's repair services team so that they can analyse the situation and later call the client (with a dead-line of 24 hours, for instance).

Problem 4: The instalment service cannot be requested by phone

Frequently, when the customers call to the Contact Center and choose the *Services* IVR option, they would like to request for someone to go to their house and do the service of instalment of new equipment. However, the service cannot be requested by phone which obliges the customer to go to the store on purpose. The justification for this situation is because this is a service that has to be pre-paid in the store and cannot be directly paid to the technician.

Solution: As the restriction on this service is the payment method, more options of payment should be given to the customer. For instance, it should be allowed to request the service through the website and pay by transference. Moreover, this service could be also requested by phone and paid trough bank transference.

Problem 5: Stock consultancy system

On the *Stock's Availability* IVR option, the customer calls with the aim of knowing if there is a certain product on a certain store. Sometimes, the product is sold out in many stores and it takes a long time for customers to finger out where to find the product, as they keep questioning the operators about different stores and operators have to search one by one.

Solution: Once again, if the company develops an on-line application system that should enable the customer to see the existing stock, it would decrease the flux of calls received and increase customers' satisfaction. However, this application has also some disadvantages, for instance, it is not prudent that the company's competitors have access to the availability of their stock. Moreover, the company takes advantage of this kind of calls to offer the service of on-line selling without extra charges. Furthermore, this application requires the stock to be completely updated which does not happen with the actual platform and it is not easy to adapt regarding the volume of transactions made in all the stores.

Problem 6: Reserves cannot be requested by phone

When customers call to know the stock's availability and there are few units of that product on the respective store, usually they ask the operator if one unit can be reserved for them, which is not allowed as reserves can only be done in the physical store. This obliges the customer to go to store and take the risk of getting there in vain as the product can already have been sold. The same is applied when there is no stock at all. On this case, if there are previsions of receiving more stock, the customer can also go to the store and do the reserve but cannot do it by phone. Thus, the client has to go to the store twice (one for reserving the product and other for buying it and take it home).

Solution: On a customers' satisfaction perspective, it would be good to allow reserves by phone. However, it is also important to consider that this process might be risky as the customer can easily give up from the purchase and some sales can be lost. In order to minimize this risk, the process of making the reserve should be the most complete as possible, including the registration of important data about the customer (name, phone contact, e-mail, etc.) and a dead-line for going to the store and acquire the product (48 hours, for instance). It would be also advised to have a reserve number of identification. All these measures would help to unconsciously instil in the customer the importance of the reserve and not quitting of it.

Problem 7: Many sales' opportunities are lost because of stock out

The stock out is another constant problem regarding the *Stock's Availability IVR Option*. If there is not stock on the store mentioned by the customer, but there is on the warehouse or on the main

store²⁸, the customer has the option to buy the product at that moment and receive it in two days, without any extra costs²⁹. The problem is that around 33%³⁰ of the times, there is not stock available on the main store which impossibilities the customer to buy the product. The last option for the customer is to go to the store and solicit transference of stock from other store (if available there) which might take among one week which can lead the customer to search for the product on the competitors.

Solution: The issues regarding stock management are out of the Contact Center control, thus it is difficult to understand the constraints of this situation. Therefore, the most important here seems to be the exchange of information, as it must be essential for the Contact Center to calculate the indicators that evidence this problem and pass it to the stock management department so that they can act accordingly. In order to avoid the sale's lost, the operators should be instilled to present products with similar characteristics to customers.

Problem 8: The stock consulting system is not actualized in real time

The stock consulting system is actualized three times on a day, thus when the customer calls asking for the stock's availability, the operator might not give the right information. When there are many units of the respective product, this situation is not problematic, however if the system indicates that there are only three or two units in the system, the customer faces the risk of going to the store and the last units of the desired product might have already been sold. To avoid this situation, sometimes the operator calls to the store and asks for the real value of stock, however it might be difficult to contact the store as, due the flux of clients, collaborators are occupied and cannot answer the phone. This leads the customer to be waiting (and spending money) on the phone for several minutes and often when the operator returns he/she has not an answer to give.

Solution: The ideal situation should be to acquire a new stock's management platform that allows the consultation of the stock on a real time. Logically this process of change is not simple and might take some time to implement it in all stores, never forgetting the economic

²⁸ Store that serves the on-line and phone line selling service.

²⁹ The customer can also buy the product on-line but has to pay a fee of home delivery.

³⁰ 33% in Portugal and 34% in Spain

implications of it. A simpler but not so effective solution could be to call-back the customers instead of letting them waiting on the phone.

Problem 9: Big appliances can only be bought through the phone-line if the customer has the company's credit card

The only method of payment for big appliances bought through the phone-line selling service is the company's credit card. This happens because the appliances are delivered at the customer's home and the motorists³¹ cannot collect the money. Due to this limitation many customers give up on the purchase by phone as they do not have the company's credit card and sometimes also because they do not want to pay the product in fees. In Spain this situation is even more serious considering that the geographical coverage of the stores is not wide which leads customers to go to competitors stores near their houses.

Solution: The solution would pass for offering more options of payment such as bank transference, for instance, or develop a secure system that allows the motorists to collect the money (like is CTT³² does).

Problem 10: The communication system goes down

The communication system goes down many times (5 in 4 hours³³) and the operators lose all the information they collected and cannot call back the customer. This gives the impression that the operator has hang up on the client, causing bad impression. Furthermore, the customer will probably return the call and will have to explain his/her situation again as the operator who has answered probably will not be the same.

Solution: The resolution for this problem is not easy. First of all it is necessary to understand which are the causes for this breakdown and to understand that it is important to hire specialized technicians who can present the adequate solution. Although the costs inherent to this process might be really high, its resolution should be a priority to the company, regarding the negative impact that this issue has on the quality treatment provided to customers.

³¹ The motorists are from an outsourced company.

³² Portuguese post-mail delivery company.

³³ Auditing done in october 2011.

Problem 11: The operators speech is too mechanic and is not adapted to the customers' mood

In order to ensure that the operators offer a consistent treatment to customers, they have to follow a script while they are answering the call. They have to start by introducing themselves and the company, followed by asking in what they can help. After this, usually the customer explains why is he/she calling and often asks questions to the operators. Frequently, before giving an answer, the operator asks for the client's name so that he/she can treat him/her by the name in order to ensure a personalized treatment. Moreover, some operators ask in advance the phone contact and the post code for statistic effects. However, sometimes the customer is so upset concerning the situation that led him/her to call, that he gets angrier when the operator makes those questions. Other times, the client only says his/her first name, showing that he/she doesn't want to be identified. Often, customers also just want simple information, like the schedule of some store for instance, and they do not understand why they are asking this data.

Solution: The most important thing to do in this situation is to alert the operators about the need of having an active listening to what the customer is saying and be sensible to his/her mood, so that the speech can be adapted to the client's needs without forgetting personalized treatment. This situation shows that the operators are more task-oriented than client-oriented and thus, a Customer Orientation's training session could be a good option to improve their communication skills. It can be also helpful to evaluate in their Performance Appraisal the sensibility to the clients' needs and mood.

- **E-mails Team**

Problem 12: The e-mail answering system does not have a grammatical error detector

The system used for answering clients that contact the company by e-mail does not have a grammatical error detector. Therefore, some e-mails are sent to the customer with errors. Some employees, in order to avoid this situation write e-mails on the program Microsoft Office Word, which has an error detector, and then copy it to the e-mail answer system. This technique works but is not efficient.

Solution: The company must insert an error detector on the system. Although purchasing an error detector license might be expensive, it would be completely effective on the errors extinguish in the e-mails sent, which is very important considering the company's image.

Problem 13: E-mails are waiting for a final response from more than 3 months

When customers contact the Contact Centre by e-mail, they automatically receive a message accusing the e-mail reception and promising an answer in 24 hours. Then the e-mails team has to answer the e-mail in four hours. The problem is that sometimes they cannot find an answer during those hours as they have to contact other people (for instance, stock managers, merchandisers, product managers, etc.). These managers do not seem to be aware of the impact that their later answers has on the quality of the service provided by the Contact Center as they take a long time to answer the e-mails. Therefore, some e-mails sent by the customers are waiting for a final response from more than three months. Although, the e-mails team, on the established four hours, sends an e-mail to the customer saying that the situation is being analysed, it is very prejudicial for the company's image to take so much time to answer some e-mails.

Solution: As the cause of these late answers seems to be the delay of some managers in answering the e-mails sent by the Contact Center, it could be good to organize a common meeting so that the Contact Center can show how their late answers delay the final answer given to the customer highlighting the negative impact that this situation has on the customers' satisfaction and on the company's image.

- **Home Deliveries Team**

Problem 14: *Previous Contacts* generate one unnecessary call

As mentioned before when the customer buys an appliance or a big TV on the store, he/she has the option to ask for delivering the product at home and chooses a delivery period. During this period the customer must be available to receive the product. Therefore, customers can request (when he/she is buying the product) for a "Previous Contact" of one or half an hour so that he/she can know that the driver is coming.

On the delivery date, the motorist has the indication that the customer has asked to be previously contacted. Thus, when that time arrives, the motorist sends a kind of e-mail to the Contact Center, through his mobile phone, only saying Previous Contact – Name of the Client. Then the operator on the Contact Center has to call the driver asking how long he will take to get to the customer home and then calls the client to inform him/her. The call from the operator to the driver could be avoided.

Solution: The referred call could be avoided if the driver tells on the message that he sends, how long he would take to get to the customer home. Then, the operator would already have that information and could immediately call the customer to inform him/her.

Problem 15: The system only recognizes one customer's purchase at the same time

The Home Deliveries' system gives the information to the operator of only one equipment to be delivered at the customer home. The system recognizes the purchased products and the respective deliveries as independent from each other, even if they were bought by the same person at the same time and will be delivered on the same place. Thus, if the customer has more than one equipment to be delivered at the same time, the operator cannot know that through the system. Then, what frequently happens, is that the operator calls the customer saying that the motorist is, for instance, arriving in 30 minutes to deliver the wash machine and the customer will ask: "And what about the fridge? Is it not coming with it also?" Subsequently the operator has to search in the system for that purchase and confirm the deliver. This situation might cause bad impression and give an image of incompetency from the part of the operators.

Solution: The most efficient solution would be to change the system so that both products should be considered. Other option should be to counsel the operators to verify the deliveries routes before calling customers, to understand if they have more than one product to be delivered.

Additional Suggestion Regarding Home Deliveries

As mentioned before the company offers the service of collection of the old equipment while delivering the new one. The destination of this old equipment is the scrap even if it is still working. As the company is very focused on Social Responsibility it could be a good idea to

offer this old equipment to social institutions. In Portugal, there are institutions such as “Luis Recto” that collect the equipment and recover it for free.

- **Repairs Team**

Problem 16: Technical Reports take too much time to be received

Most of the equipment sold by the store has two years of warranty, however some aspects are not covered by it such as: moisture traces, wrong utilization from the customer, etc. Thus, when the equipment is damaged and is still on warranty, the customer can go to the store and leave the article for repair³⁴ (if it is a big appliance the technician goes to the customer home). If the respective damaged is covered by the warranty, the product is repaired without any cost. Nevertheless, if the equipment’s problem is not covered by the warranty, a budget is presented for doing the repair. If the customer does not agree with the analysis done, he/she can always ask for a Technical Report. However, this report can take a long time to be received.

Solution: As Technical Reports are provided by the Technical Assistance of the brand’s equipment it is important to alert them to this situation and to the negative impact that it has on customers’ satisfaction. Many times this originates complaints on the Complaint Book. This issue should also be addressed in the usual renegotiation of the suppliers’ agreements.

- **On-line Team**

Problem 17: The status of on-line orders cannot be accessed by the customer

On the *On-line Orders* IVR option 36% of the calls received are from customers asking for the status of the order that they made through the web site. When customers submit their order, they receive an e-mail confirming the submission, and after that they only receive an e-mail saying that their order was issued. Thus, during this time the customer does not know the order status.

Solution: It would be really helpful to have an application that allows the customer to see the status of his order on-line. This application would not only decrease the flow of calls received due to this reason, but would also increase customers’ satisfaction as it would “facilitate their

³⁴ The product will then go to the technical assistance of the respective brand.

lives”. Through this new application, clients would have the status of their orders at the distance of a click³⁵. Furthermore, according with the benchmarking analysis done this practice is getting generalized not only among the biggest and famous stores, like Apple Store, IBM, Vodafone, and so on, but also in small family stores. However, regarding the company’s biggest competitors, *Competitor 4* is the only one to do it.

Problem 18: Availability of stock on the website confuses the customer

On the company’s website, customers can consult a wide range of products offered by the store. They can also make researches by product, price, characteristics, etc. and make comparisons between products. If right next the products’ image is written “available” (Figure 9), the customer can immediately purchase the product³⁶. The availability referred on the website concerns exclusively to the existing stock on the on-line store. However, this situation often confuses customers misleading them to think that when is written “unavailable” it means that the product is also not available on the physical stores.

Solution: It should be clear on the website that the stock’s availability referred concerns exclusively to the existing stock on the on-line store. Therefore, that condition could be mentioned on website in small letters, for instance

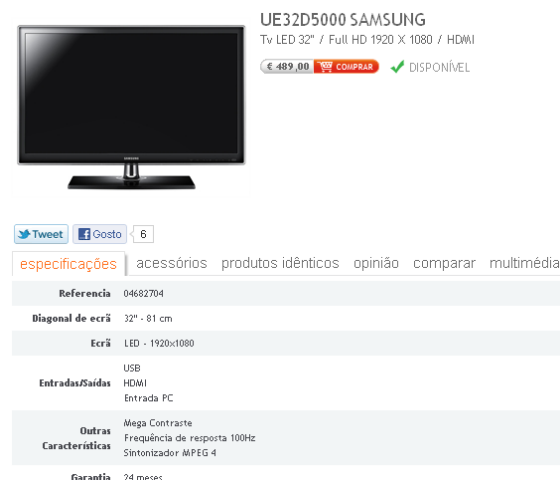


Figure 11: Example of a consult of products on the web-site

Source: Company’s Web-site

³⁵ After analysing this writer’s proposal, the considered that this service would definitely add value to the sector, however with the platform that is being used at the moment, this kind of application cannot be supported. Nevertheless, they are developing a new platform that will probably contain this feature.

³⁶ It is necessary to have an account on the website.

- **Red-line Team**

Problem 19: Some complaints could be avoided on the store

When the customer makes a complaint on the Complaint Book, the costs of that claim are around 50€ and 60€ (according with the company's estimative) besides the negative impact on customers' satisfaction. Thus, it is defined that if a customer is complaining about something that has a cost for the company inferior to 50€, most of the times related with equipment substitution or repair costs, the store must assume those costs to avoid the customer to present a formal complaint. However, this kind of claims occurs with some frequency.

Solution: Employees should be alert to the consequences and expenses resulting from complaints and be sensible to the fact that most of the times it is more reasonable, for instance, to give to the customer a new product (<50€) in substitution of one that is kaput even if it is out of warranty and exchange conditions.

Problem 20: Operators cannot download attachments

When the operators from the Red-line team are answering to the claims done on the Complaint Book they need to consult the attachments which have a print screen of the book's page with the presented claim. However, as they belong to the outsourced company the software system that contains the claims does not allow them to consult the attachments. Therefore, the operators have to use the computers of the company and in order to do it, they have two options: they wait till one of the company's collaborators finishes his/her work schedule or they ask a collaborator to let them use their computer for ten minutes. This situation is unproductive and causes production breaks.

Solution: The system should allow the Red-line operators to download the attachments. In this case it is necessary to manage carefully the permission issues so that the operators will only have access to the complaints.

- **Other Issues**

Problem 21: The main system is actualized during the period of work making it inaccessible to the operators

The system that allows the stock, reserves and deliveries consultancy is actualized every Wednesdays during the period of work getting inactive for some hours. Therefore, if the customer calls asking if there is stock available or asks about his/her delivery, the operator cannot give any answer and asks the customer to call again some hours later.

Solution: The system should be actualized out of the working period. Although it might be more expensive to make the respective people work after midnight it is the only way to ensure the quality of the treatment provided to customers.

Problem 22: The system issues copies of the Sales Tickets' is inefficient

In order to take advantage of the warranty conditions, the customer has to present the sales ticket. Nevertheless, if customers lose the sales ticket, they can always ask for a copy. However, the company's system is not efficient as it might take more than one hour to issue the sales ticket copy. When the customer asks for the copy of the sales ticket he/she has to give important data such as: the correct name of the product, the store where it was purchased, the date, the value paid, and so on. Then the operator confirms on the system if there is any register of the purchase on that day³⁷, and the system recognizes the purchasing date but it does not recognize the Post of Sale (the cashier) where the product was bought. Thus, in the biggest stores which have more than 10 posts of sales it is difficult the find the sales ticket, because the file where is the register of all the purchases of that day take too much time to be opened.

Solution: The system should be more autonomous and precise, if it recognizes not only the date but also the post of sale where the product was bought it would be a precious help for the collaborators who are searching for the sales ticket. Nevertheless, the reason for the files take so much time to open should be also analysed and improved.

Through the implementation of these solutions, some of the causes of customers' dissatisfaction would be extinct and the company's Contact Center will be closer to a so called Customer Interaction Center.

³⁷ Frequently the customer is not sure of the purchasing data

9. From a Contact Center to a Customer Interaction Center: New Services Proposals

Through the analysis of the Contact Center it was possible to see that the company offers a wide range of services and, most important of all, the quality of the services provided is really high, leaving the customers satisfied most of times. Nevertheless, the identification of key areas for improvement led to understand that were some issues that were causing dissatisfaction to the customer or constituted an obstacle to production. Therefore, the solutions purposed intended to help overcoming these issues. However, much more can be done to transform this Contact Center on a truly Customer Interaction Center. This chapter aims to propose the development of new services that must help to achieve this goal.

9.1. CRM and the IDIC process applied to the Contact Center

As mentioned on the Theoretical Approach chapter of this project, CRM can be defined as “treat different customers differently” (Peppers, 2000:1). The company treats all of their customers equally and has some lack of the adaptability (one of the most important key success factors for any industry according with Reeves et al., 2009 as mentioned in Theoretical Approach chapter) to some of the customers’ needs and expectations as it could be seen by some of the issues identified on the previous chapter³⁸.

Considering the IDIC process, one will see what the company’s Contact Center already does and what can be improved:

Identify the Callers

When the customer calls to the Contact Center the phone number appears on the operator screen and the operator can put the number on the system to get access to the customer profile. Nevertheless, the operators only use the customer profile if necessary to take some information about previous processes and this happens always after the operators had already answered the phone and kindly asked for the name of the customer.

³⁸ Problems: 2, 3, 4, 5, 6, 9, 11 and 17, show some lack of adaptability regarding customers’ needs and expectations.

As the bibliographic research suggests, the ideal should be to have a caller-ID technology that gives the operator the entire customer's record while the phone is still ringing, allowing the operator to treat the customer by the name when answering the phone. Moreover, this customer history must be much complete that the one that the company has at the moment containing all the transactions done related with company, since products and services purchased to comments done on the company's website or social network.

Differentiate the Callers

As it was mentioned on Problem 1 of the previous chapter, the company's IVR vectoring is most of the times inefficient. Furthermore, there is not any distinction between customers according to its life-time value.

Therefore, in addition to the caller-ID technological system suggested above, a complementary system allowing the differentiation of customers should also be acquired. The state-of-art should be to have the "easy-to-use" graphical interface system, mentioned on the Theoretical Approach chapter, that represents the value of the customer by images and show notifications of potential issues of dissatisfaction for the customer.

It would also be great, if there was an individual account manager for the most important customers that should know in advance the customer profile and history.

Interact with the Callers

The importance of attitude was already discussed on Problem 11, since the operators' speech was too mechanic and there was a lack on adaption to the customers' mood. This issue is being overcome with a restructuration on the performance appraisal and with training sections. Nevertheless, it is important to record on the customers' profile some aspects about the way the customer like to be treated. Thus, the company should pay attention to these details and act accordingly. Regarding, the emotion-detection software that evaluates customers' mood during the call, it could be an interesting complement to have a larger overview and statistical information about the calls, however, as the company has specialized collaborators to do that function this software is not essential.

Customize for the Callers

As mentioned before customization is one of the key points to be improved by the company. They treat all the customers equally and there is a lack of adaptability to the customers' needs as it could be seen in some of the detected issues on the previous chapter. The suggestions presented on that chapter will help the company to extend their lack of options provided and in consequence be more adaptable/customized to clients' expectations. Nevertheless, in order to become a truly Customer Interaction Center the company must go further. The variants of the IDIC process mentioned above will increase customer knowledge, thus they can take advantage of that knowledge to satisfy the needs and desires shown by the clients, customizing their products/services. Furthermore, cross-selling has also an important role, as through the history of the purchases done by the customer, the operator can know and offer other complementary or similar products, knowing what customers want before they do as the literature review suggested, increasing not only the company's revenues and but also customer's satisfaction.

9.2. Implement a One-to-One Marketing Approach

The customization mentioned before can easily be applied to the company's Marketing strategy and managed through the Contact Center. Individually addressable media must be the key for the enterprise's publicity strategy, having as basis the SoMoLo information, meaning the offers must be based on where a customer is at any given moment, what his/her social network says about him/her and his/her friends are buying and discussing on-line. The smartphone apps are an important tool in this strategy. This Marketing approach has a higher probability of providing the customers with more valuable information for them and also cheaper for the firm in comparison with their actual strategy done through TV adds, outdoors and newsletters.

9.3. Develop a Loyalty Card

At the moment the company's card is only for allowing the payment of purchases in fees (most of times without interests). Thus, this card is not explored into all its potential. Being a credit card, its customers' coverage is lower as many customers do not want a credit card and those who have it, not always use it. The loyalty cards are one of the most important tools to know everything about their owners. They give information about what customers buy, where they

buy, how they pay, etc. Furthermore, the company also gets access to the addressable/demographic characteristics of each customer that derive from the fulfilment of the request form of the card. In addition, the enterprise can use the customer profile to do cross-selling and promote a one-to-one marketing strategy, sending valuable offers for each customer. Thus, the loyalty cards are a precious tool to help the company to do their Next Best Offers, as mentioned in the literature review. Moreover, the widely used system of getting points in the card with each purchase and later exchange it by some offers or discounts are also very helpful in the increase of customers' loyalty. For all these reasons, the company must maximize the potential of their actual card transforming it into a company's loyalty card.

9.4. Creation of New Channels of Interaction

The theory suggests that a Customer Interaction Center should allow customers to do anything they want using any communication medium they choose. Thus, they must have available all the channels of communication from the classic means to the most recent ones. The most used means at the moment are the phone, e-mails, chat and social networks.

Regarding this company, they have the phone and e-mails channel available. Customers can also leave their questions on the company's *Facebook* page although this service, as the communication is public, is more limited in terms of contents discussed.

Taking this into account, the channel missing in the company's Contact Center is the chat service, which is really popular among younger generations that prefer this less personal but instantaneous mean of communication. This chat service could be available on the company's web site and on its *Facebook* page. Another advantage for the company, is that the costs associated to it are considerably reasonable, as it requires an initial investment on the platform development but besides that all operational costs are similar or lower in comparison with the other two channels.

The communication through *Skype* can also be an interesting channel. Nevertheless, this mean requires different skills from the operators that are not used to have visual contact with customers. This channel will oblige operators to have a different posture while communicating and also will imply some rules in terms of visual appearance and dress-code.

9.5. Counselling through Video Conference

As mentioned before, *Skype* can be an interesting communication channel. The market tendencies among Contact Centers identified in the theoretical approach chapter suggested counselling through videoconference as one of the main tendencies. Besides all the implications for the operators, discussed above, this service can have multiple functionalities. For instance, if the customer has noticed any issue regarding their purchased equipment or has any doubt about it, technical support can be easily provided through video conference. For the customer, this will be a very pleasant service, as they will obtain free assistance from the commodity of their homes. The service of demonstration for instance could also be provided through this channel. Although this service might have a significant financial implication, the impact on customers' satisfaction and the recognition of an innovative service will definitely compensate the costs and be an incredible competitive advantage for the company.

10. Conclusions

The way through which companies approach their customers has been changing a long time. The mass-marketing era seems to have already passed and be replaced by a one-to-one marketing approach. Customer Relationship Management emerges then as an important management tool for companies that want not only to be succeed in a fierce competitive business environment, but also want customers' engagement in the center of their strategic priorities. Considering this strategy of prioritizing customers' knowledge and relationship, Contact Centers emerge as one of the most important tools of interaction with clients through multiple channels, involving all the phases of contact between customers and the company. Thus, the literature review suggested the emergence of a new concept: Customer Interaction Center

The main goal of this project was to optimize the Contact Center of a Portuguese Electronics and Appliances Retailer Company but the discovery of this new concept of Customer Interaction Center led to a bigger challenge: transform this Contact Center in a truly Customer Interaction Center.

Taking this goal into account it was concluded that the adequate method of research would be the *Descriptive Method* as it consists in the objective description of the facts, considering the formulation of the problem, its theoretical framework and the definition of the subject. To collect the information for this project, besides the bibliographic research and the analysis of documentation from the company, it was used the observation technique with verbal interaction, to understand what could be improved in the services that the Contact Center was already providing.

In order to make a good analysis of the company's Contact Center first it was necessary to know in detail the company's business environment. Thus, it was verified that the company's group is one of the biggest in Portugal mainly known for its operations in the retail business sector, but also with a strong presence in other business areas. Regarding its corporate strategy, they are focused in three different main goals: globalization, diversification of investment styles and leverage of assets bases in Portugal. In financial terms the company has been growing during the last years, nevertheless, the previous year was not favourable for the company, easily justified by the current Portuguese economic situation.

This project is focused in one of the insignias that belong to the company's Group, specialized in the Electronics and Appliances Retailer business which assumes a position of leadership in the Portuguese market. Through the internal analysis it was concluded that the firm's main competitive advantage is *Cost Leadership* and their corporate strategy is focused on organic growth and acquisitions. Regarding the external analysis, it was possible to conclude that the electronics and appliances retailer market it is entering on the *Maturity* stage. Applying the *Porter's Five Competitive Forces*, it was observable that the strength forces are the *Rivalry* and in consequence the *Buyer Power* as the competition in this industry is fierce and the customer has some bargaining power.

The insignia's Contact Center was also characterized and it was verified that it is assigned to an outsourcing firm and handles with around 1590 calls and 200 e-mails per day. The analysis of the Contact Center through the observation and audition of calls led to the identification of some issues that might cause dissatisfaction for customers or be an obstacle to production.

One of the most important issues found was that when customers call, 45,5% of the situations could not be solved on the first contact and because of that 37% of the customers were not satisfied when hanging up the phone. The cause detected was the fact that all the calls are answered by the *Inbound* team that cannot solve most of the issues and has to create and send a process to the respective team to solve it. Thus, a restructuration of the workflow was suggested, so that the vectoring of the IVR options could directly send the calls to the respective team.

The lack of adaptability to the customer's needs was another issue found. Technical assistance, instalment services and reserve of articles are some of the services that cannot be requested by phone, obliging the customer to go to the store just to request the service. Therefore, customization according to customers' needs as suggested by the CRM approach, providing these services by phone was purposed.

Regarding the obstacles to production, actualizations of the system during the period of work, incapacity to download attachments, e-mail answering system without a grammatical error detector are some of the issues that the operators have to daily face with and harm their productivity. Thus, a restructuration of some working processes was suggested and the acquisition of new software programs was also counselled.

Through the implementation of these solutions, some of the causes of customers' dissatisfaction would be extinct and the company's Contact Center will be closer to a so called Customer Interaction Center. However, much more could be done to transform this Contact Center on a truly Customer Interaction Center, thus new services were purposed.

The implementation of a CRM program on the Contact Center where the callers were easily identified and differentiated, and where the interactions should be a source of customers' knowledge as well as a valuable experience for them, which would result in customized products and services, was one of the suggestions purposed.

Furthermore, as the literature review defined the future of shopping as the omnichannel era, it was concluded that the chat service was one of the channels missing on this Contact Center. This chat service could be available on the company's web site and on its *Facebook* page. Communication through *Skype* could also be an interesting channel, which could be allied to a new service of video-conference allowing technical support, demonstrations and advisory service through this channel.

A changing on the company's marketing strategy from mass-marketing to a one-to-one marketing approach was also suggested, intending to send individually addressable media, having as basis the SoMoLo information, making this information more valuable to customers. The development of a Loyalty Card was also pointed as good complement to increase customers' knowledge and help on this individual marketing approach, enhancing in consequence their loyalty.

In summary, all this suggestions of improvement and proposals of new services must increase customers' knowledge, satisfaction and enhance their loyalty, thus, the company's Contact Center will emerge as unique point of contact through multiple channels between the customer and the company, so that it can be called a truly: Customer Interaction Center.

An implementation plan with an estimative of the costs and resources necessities, as well as a prevision of the time, necessary to implement the suggestions purposed is definitely a limitation of this project and can also be seen as a suggestion for future researches.

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Company's Group Institutional Presentation (2011)

Company's Group Sustainability Report (2011)

Diário Económico Journal (13/12/2011)

Evaluation of the Insignia's Contact Center Report (4th trimester 2011)

Insignia's Magazine (2011)

Insignia's Spanish Manual for New Collaborators

Consulted Web sites:

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<http://www.businessdictionary.com/tips/37/what-is-your-value-proposition.Html#ixzz1o9L1DFgv> (04-03-2012)

<http://www.cipd.co.uk/hr-resources/factsheets/pestle-analysis.aspx> (04-03-2012)

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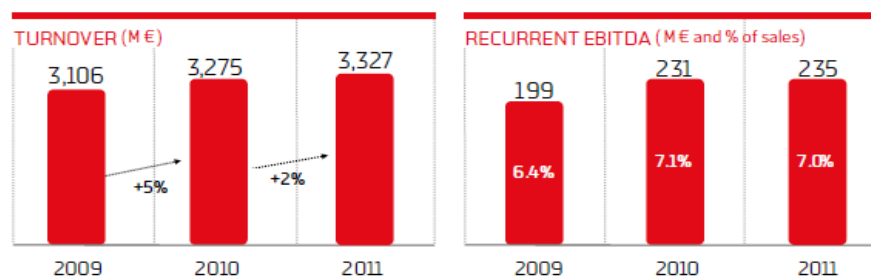
Company's and Insignia's Website (09-2011)

Annexes

Annex I - Chronology of The Company's Group

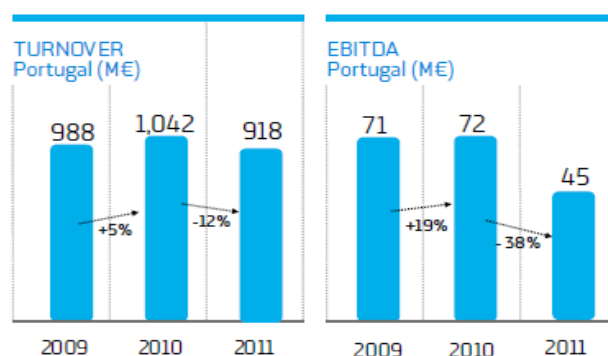
History of The Company	
1959	Company's foundation with the opening of a society of stratification.
1965	Hiring of the person who became known as the best leader and booster of the company.
1970 - 1980	Company's growth in the sector and vertical integration.
1984	Constitution of the hypermarket group (with a French group as co-shareholders).
1985	Opening of the first Hypermarket of Portugal.
1986	Company's insertion in the Capital's Market.
1986	Constitution of the Group's Holding.
1994	Entrance in the Tourism Market.
1995	The company is the 1 st Portuguese firm represented on WBCSD (World Business Council for Sustainable Development).
1998	Entrance in the Telecommunications Market.
2005	Spin-off of the company focused on industry sector.
2007	The leader mentioned above becomes the chairman of the company.
2007	Acquisition of one of the biggest hypermarkets chain in Portugal.
2007	Spin-off of the company focused on capital sector.
2008	Re-launch of non-alimentary retail in Spain. Acquisition of one of the biggest Spanish group.
2009	50 th Anniversary - Presentation of the corporate strategy and reorganization of the business units.
2010	Launch of the new corporate identity
2012	The company is recognized as one of the World's Most Ethical Companies.

Annex II – Company's food retail Financial Indicators



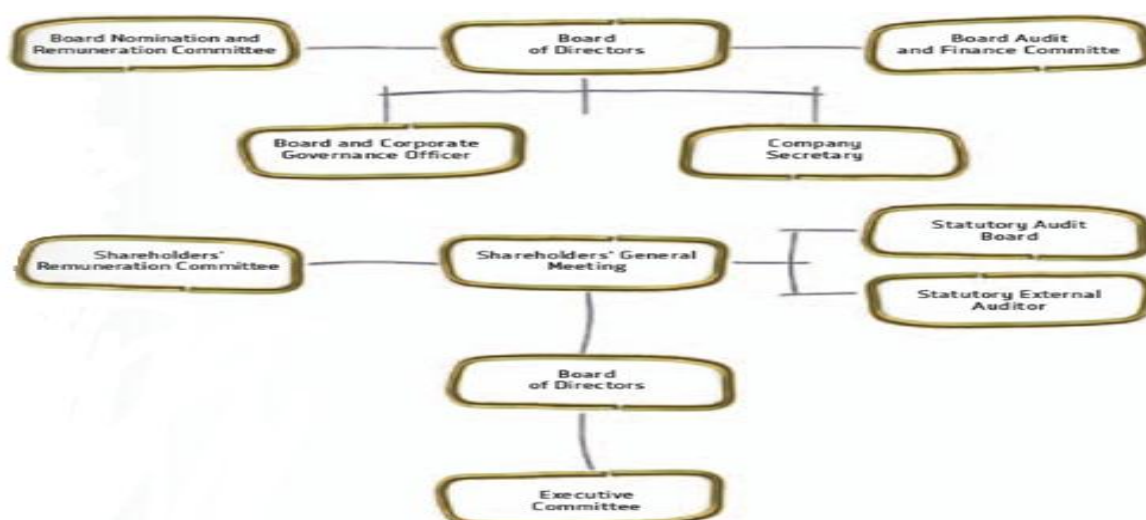
Source: Financial Report 2011

Annex III – Company's specialized retail Financial Indicators



Source: Financial Report 2011

Annex IV – Company's Governance Model



Source: Sustainability Report 2011

Annex V - Chronology of the Insignia

History of The Company	
1996	Inauguration of the first store.
1997	Opening of the store in the biggest Portuguese shopping mall at that time.
2000	First renewal of the logo of the insignia.
2001	Creation of the on-line store.
2004	Opening of the first store specialized in the mobile phones retail.
2005	Definition of the new slogan that is still being applied and has a great impact on customer's positioning.
2006	Launch of the insignia's Card, which is similar to a credit card, allowing different modalities of payment, some of them without interests charge.
2007	Rebrand of the company's image that lasts till today.
2008	Launch of the 1 st edition of a music contest with the aim of divulgate new Portuguese talents. Opening of the first store specialized in the video games retail.
2009	Entrance in Spain with the acquisition of nine stores.
2010	The insignia is considered to be a Brand of Trust (<i>Marca de Confiança</i>) by the Portuguese. Creation of the concept of resolution store, which enables customers to go to the store and leave their equipment for repairing. Creation of the <i>Facebook</i> page, with the development of the concept of Laboratory, where clients can apply in order to try technological equipment for one month.
2011	The insignia is elected for the second year a Brand of Trust by the Portuguese.

Annex VI – Products Offered by the Insignia

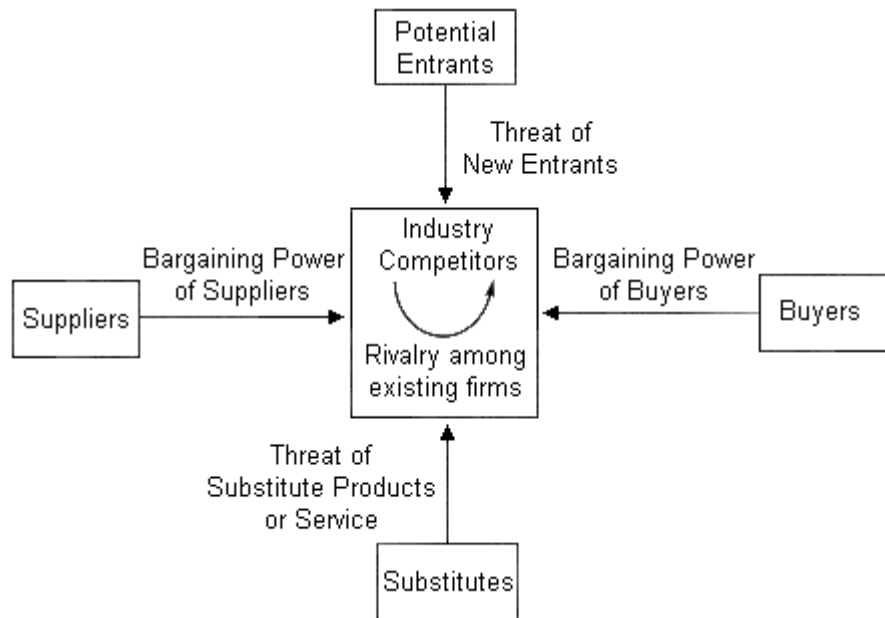
- **Audio-visual** - TVs, radios, MP3, DVDs, home cinemas, Blu-ray, navigation etc

- **Appliances** - fridges, washing machines, small equipment for the kitchen, etc.
- **Informatics** - laptops, desktops, printers, tablets, e-books, accessories, etc.
- **Entertainment** – photographic material, music, films, books, games, etc.
- **Communication** – phones, mobiles phones and accessories.

Annex VII – Services Offered by the Insignia

- **After-Sale Assistance/ Contact Centre** – available every on days of the week, trough phone contact, e-mail or presence at the stores with the aim of clarifying customers' doubts and issues.
- **Home Deliveries** – provided without any extra-costs for the big appliances in all the country.
- **Insignia's Credit Card** – which allows the payment of the article in fees, with or without interests charged, depending on the option selected.
- **Technical Assistance** – provided despite the brand, and including all the products' parts as well as all the accessories.
- **Extension of Warranty** – the client has the option of buying a warranty extension for one, two or three years, thus, during this period the reparations are for free and the equipment can be substituted in case of incapability of reparation.
- **Refill of Cartridges** – the empty cartridges can be filled in some the available stores.
- **Installation of Equipment** – by buying an article at the store, the customer has the option of asking for an installation at his house.
- **Insurances** – the client has the option of buying an insure service for two or three years covering stolen, damages and throwing of liquids.
- **Informatics** – it is provided technical assistance by phone or at the customers' home, during two years with the payment of an extra fee.

Annex VIII – Porter’s Five Competitive Forces that Determine Industry Profitability



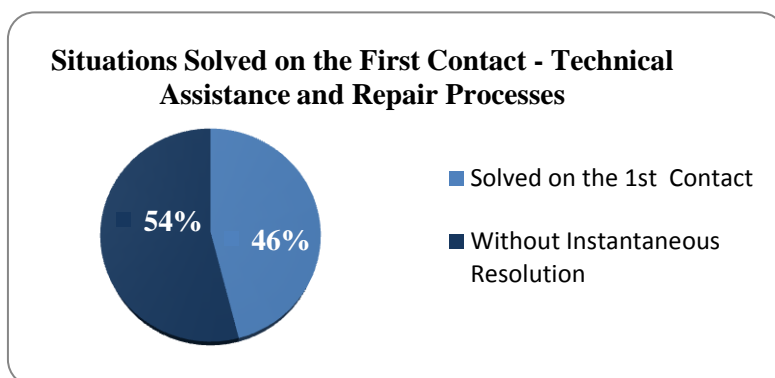
Source: <http://www.valuebasedmanagement.net/images/porterfiveforces.gif>

Attachment IX – Porter’s Five Competitive Forces - Electronics and Appliances Retail Industry, Iberian Peninsula

ACTUAL		1	2	3	4	5	HIGH
Attractiveness of the Market	Bargaining power of suppliers				X		
	Bargaining power of customers					X	
	Threat of new entrants		X				
	Threat of substitutes	X					
	Intensity of competition					X	

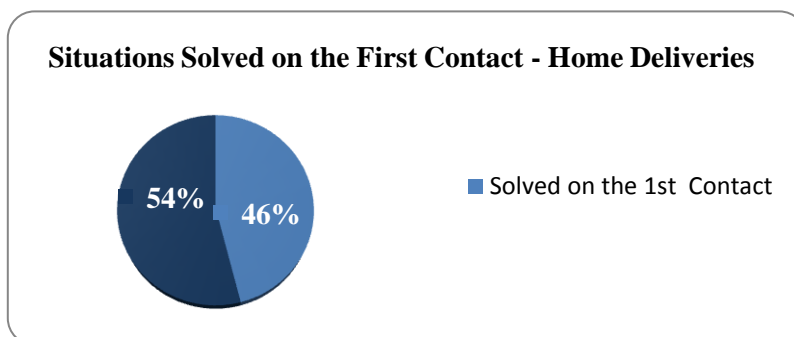
Source: adapted from <http://www.valuebasedmanagement.net/images/porterfiveforces.gif>

Annex X – Percentage of Situations Solved on the First Contact – Technical Assistance and Repair Processes’ IVR Option



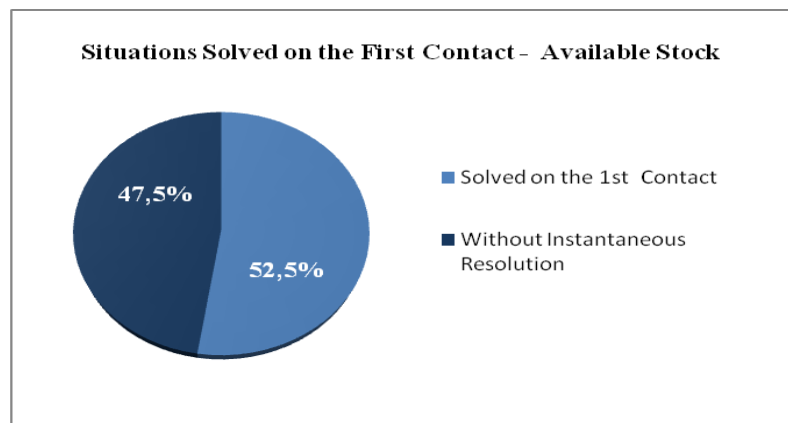
Source: Auto-developed

Annex XI – Percentage of Situations Solved on the First Contact – Home Deliveries’ IVR Option



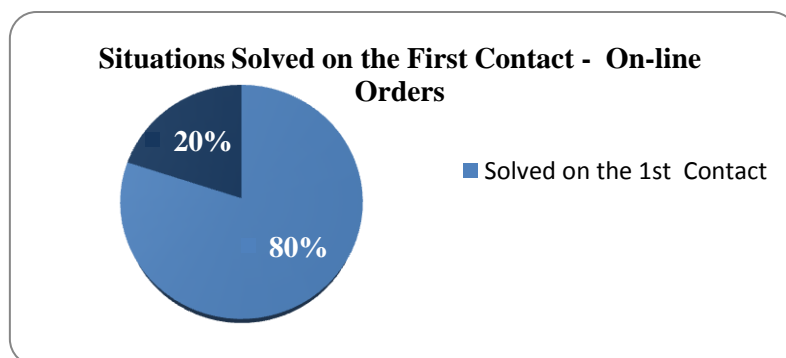
Source: Auto-developed

Annex XII – Percentage of Situations Solved on the First Contact – Available Stock’s IVR Option



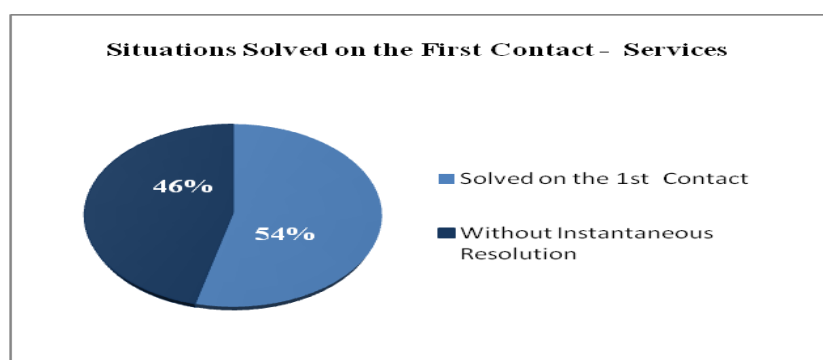
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Annex XIII – Percentage of Situations Solved on the First Contact – Online Orders’ IVR Option



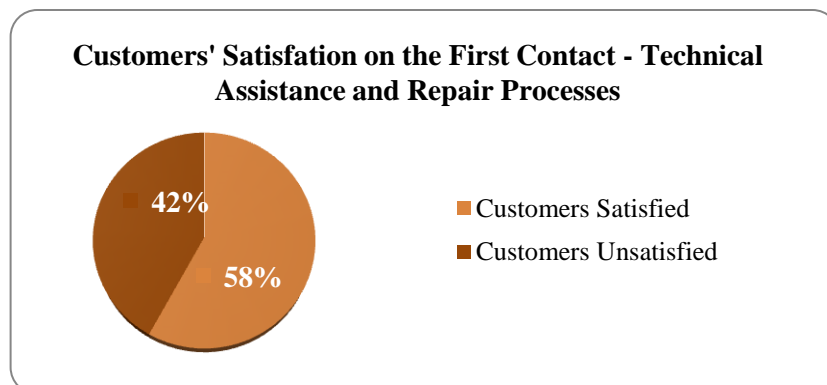
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Annex XIV – Percentage of Situations Solved on the First Contact – Services’ IVR Option



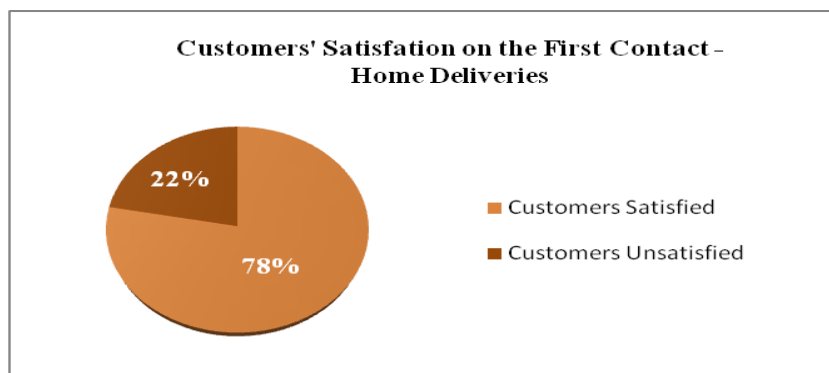
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Annex XV – Customers’ Satisfaction on the First Contact – Technical Assistance and Repair Processes’ IVR Option



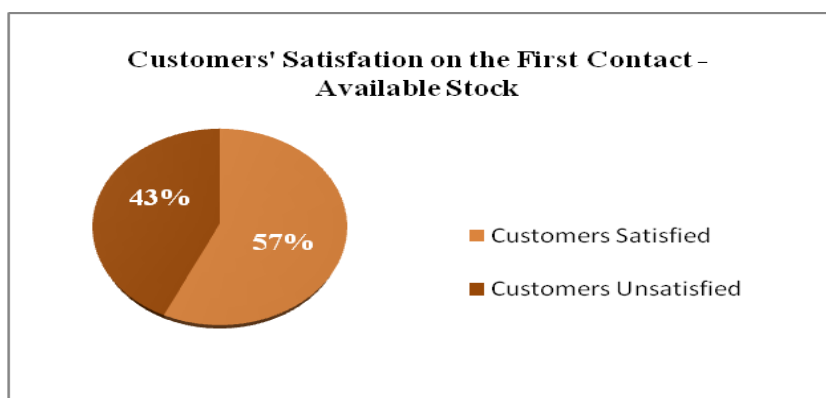
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Annex XVI – Customers’ Satisfaction on the First Contact – Home Deliveries’ IVR Option



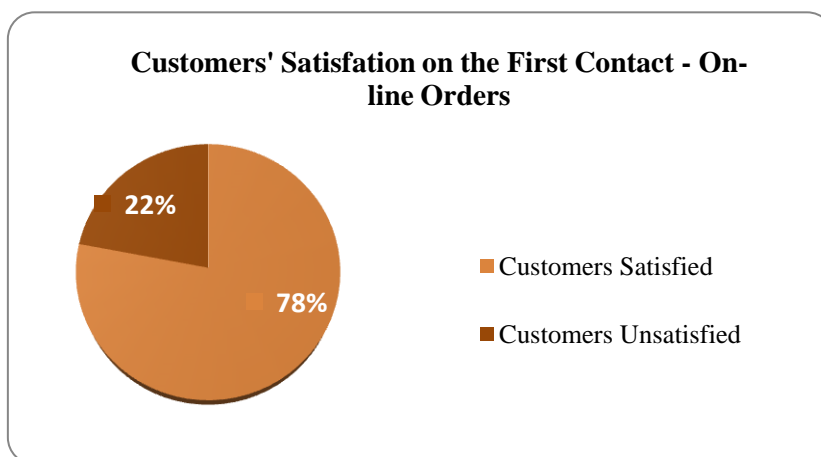
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Annex XVII – Customers’ Satisfaction on the First Contact – Available Stock’ IVR Option



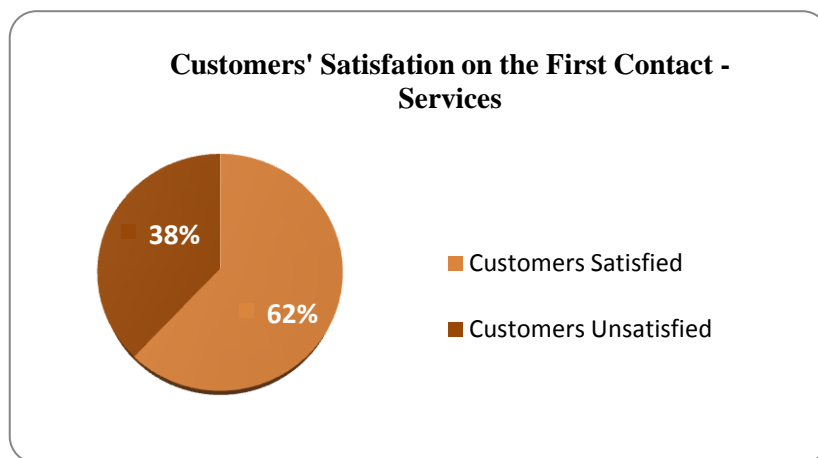
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Annex XVIII – Customers’ Satisfaction on the First Contact – On-line Orders’ IVR Option



Source: Auto-developed

Annex XIX – Customers' Satisfaction on the First Contact – Services' IVR Option



Source: Auto-developed