

Zalora's priority: delivering world-class customer experience

By **TEH SHI NING**
 tshining@sph.com.sg

ONLINE fashion site Zalora is building its own delivery fleet in each of the main South-east Asian cities it now has a presence in.

That may seem counter-intuitive but is a move that has lowered costs and secured the start-up's competitive advantage, according to its managing director, Harry Markl.

"We deliver about 1,000 packages a day in Singapore. And we started with the 3PLs (third-party logistics providers), but realised that the success rate of the first delivery attempt was only 85 per cent," he said.

"If 15 per cent of our customers have to go to the post office to pick up their parcel, we lose our strategic advantage to the next

mall." So Zalora decided to do its own deliveries.

Now, 70 per cent of all packages in Singapore are sent out by Zalora's own delivery fleet, with a higher first attempt success rate of 95 per cent.

He cited this as one example of how the online fashion site is placing customer experience at the very centre of its business strategy, as it taps on South-east Asia's growing e-commerce market.

"How do you capture the large potential? We think we need to play the customer experience game," he said at a recent forum on service productivity, organised by the Institute of Service Excellence at the Singapore Management University (ISES).

And it is crucial, as

South-east Asia's young, middle class and Internet access rates are accelerating rapidly.

It is an opportunity that is not without its challenges, according to Mr Markl. The large number of people living in remote areas and the low credit card penetration rates in the region's emerging markets are just two examples.

Which is why Zalora, launched in March last year and backed by German incubator Rocket Internet, is making a priority to deliver "world-class customer experience" by offering strong products, services and attracting people to the website, he said.

Another investment decision that stemmed from this priority was the call to manage about 50,000

square feet of warehouse space in each of its markets.

"It has cost a lot more money... We want to be able to deliver a large part of our orders within 24 hours," he said.

There are also decisions which, Mr Markl said, he would not have recommended if he were still a management consultant. "I would have said to my client, you know what, this makes no sense. One central customer service hub in the Philippines - because it is lower cost and they speak good English - is good."

However, Zalora has moved its call centre from India to Malaysia and instituted more than 20 customer service agents in each country. This move was in response to feedback,

which highlighted the need for a firm like Zalora to take into account the region's heterogeneity.

"We got a lot of responses where customers said, 'I don't like the accent of the service agent. He sounds very rude,'" said Mr Markl.

"We needed to take the feedback from our customers," he said.

Progress towards its goal has to be tracked, and Zalora has a host of key performance indicators to do that: the rate of returns and customer complaints, the conversion rate from site views into actual purchases, net sales and margins, the percentage of orders delivered within target and many others.

But all these are still centred on the aim of exceeding customer expectations, Mr Markl said.

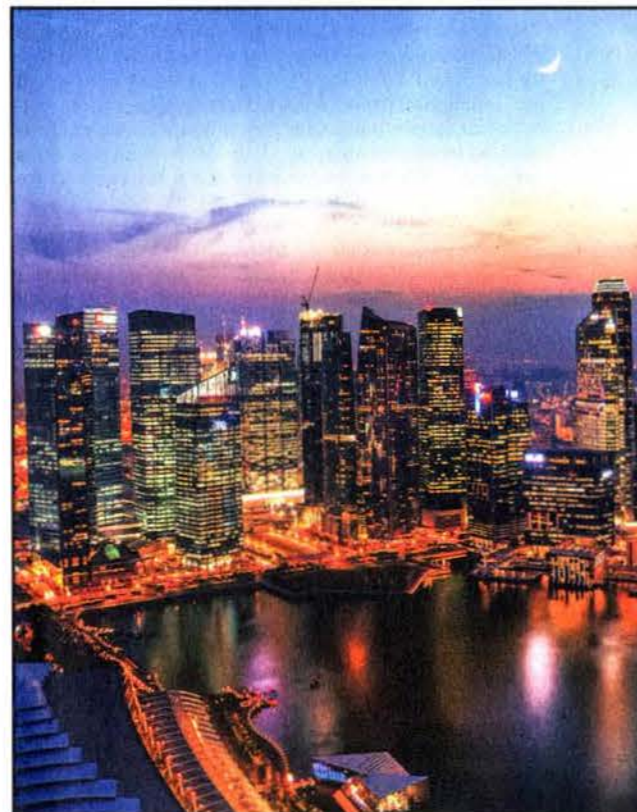


Mr Markl:
Seventy per cent of all packages in Singapore are sent out by Zalora's own delivery fleet, with a higher first attempt success rate of 95 per cent



A quarterly series brought to you by the Institute of Service Excellence at Singapore Management University (ISES). Featuring findings from the Customer Satisfaction Index of Singapore, it also reveals insights on leadership and strategy from industry leaders, particularly in leveraging customer satisfaction as a competitive advantage.

www.smu.edu.sg/centres/ises



ISES CORPORATE MEMBERSHIP

AN AFFILIATION TO SERVICE EXCELLENCE

The ISES Corporate Membership Programme brings together a selected network of Singapore's leading companies measured in the CSISG National Study.

Membership entitles your organisation the benefits of collaboration on the CSISG national study and survey design together with the Institute of Service Excellence at Singapore Management University. Organisations are also customised company report that provides in-depth information about trend data obtained from the latest CSISG national study to act as a performance yardstick against competitors and even across industries. Invitations to Executive Workshops and C-suite Roundtables will also be extended.

For more information about your organisation's ISES Corporate Membership or our other programmes, please visit us at ises.smu.edu.sg



INSTITUTE OF SERVICE EXCELLENCE AT SMU

The Institute of Service Excellence at Singapore Management University (ISES) is the cornerstone of an initiative to raise Singapore's service standards and promote a culture of service excellence.

Working in close collaboration and consultation with government agencies, business leaders and academia, ISES champions service excellence through an integrated approach that encompasses research and thought leadership, industry engagement, and benchmarking.

