Boosting productivity to deliver great service

Zalora's Harry Markl explains how improving business productivity can lead to happier — and loyal — customers

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SINGAPORE – For the shopper, it is a straightforward enough process: She arrives at a website, checks out the selection on offer, picks a garment, drops it into her shopping basket, pays and, days later, the item arrives at an address of her choosing.

To make this happen without a hitch however — without the customer getting annoyed navigating a complicated website, or put off by delayed shipping — is a tad more complicated; resources and processes must efficiently used to deliver services effectively.

This marriage between boosting productivity and delivering quality customer service to customers is one Mr Harry Markl, Regional Managing Director of online retailer Zalora, is familiar with.

In seeking to please customers, businesses often focus their attention on front-line staff and physical touchpoints. What is "often overlooked" is service productivity, he said.

"It's actually about making all the different parts of the business work together seamlessly, creating an altogether enjoyable customer experience that at the end results in more return purchases and customer advocacy," said Mr Markl. He was one of the speakers at an Institute of Service Excellence (ISES) Industry Forum on service and productivity earlier this month, where the institute also released its latest Customer Satisfaction Index of Singapore results for the second quarter.

An organisation that wants to deliver the best customer experience needs to "break out of silo-ed thinking and should first consider integrating their departments, building a bridge among the departments".

"Because each component of the business adds up the whole customer experience," Mr Markl explained.

Such an approach is particularly applicable in the field of e-commerce.

"Right from when a customer lands on our site, marketing and on-site IT needs to keep engaging her, ensuring that she's seeing what she likes, and doesn't meet with any obstacles to making the final purchase," Mr Markl said in an interview with TODAY.

"After that, we have to ensure operations quickly picks and packs her order, and then our delivery fleet works to deliver on-time."

Then there is post-sales service which includes its customer service hotline and returns services — Zalora makes it a point to process customers' refunds within two to three working days.

The retailer, which was established last year, appears to be doing well enough attract investor interest — it reported in March that it raised US$26 million (S$32.6 million) in investment from Tengelmann, a German retail company, and was achieving "double-digit millions" annualised revenue.

One way it manages costs while ensuring timely delivery to customers is through its adoption of localised warehousing, which Mr Markl said is "rather rare in e-commerce".

"This is so that we can have service offerings of fast delivery, as well as free returns — offerings which improve the customer's experience and are imperative to creating a sustainable online business model," he said.

To be conveniently accessible every time a customer feels the urge to shop, Zalora has also moved into mobile commerce.

"Our creation and constant improvement of our mobile site and our apps, help us serve our customers at all times and in all situations, and therefore increase sales," Mr Markl said.

The attention paid to service productivity has delivered tangible results for the retailer.

"First of all, we have very high loyalty levels from existing customers, which we measure in how often a new customer is buying with us after the first purchase," he said.

The company also measures its Net Promoter Score (NPS) after every purchase, where customers are asked whether they would recommend the company's products or services to others, and Mr Markl said it has seen a "strong increase in NPS in all markets".

Zalora has encountered its fair share of speed bumps along the way.

"Initially, order fulfilment was rather difficult to manage in all countries — the individual countries in Southeast Asia are very different from each other in terms of infrastructure development and geographical terrain," he said.

Some of the existing logistics providers were not able to cater to the company's intensive e-commerce business model.

"For instance, initially we were not able to find partners able to deliver items within 24 to 48 hours in metro areas. Furthermore, the pricing of most providers did not match their service offering," he recalled.

As such, Zalora had to figure out ways to fulfil deliveries by itself.

"We built our own last mile delivery fleet in most markets, initially focusing on metro areas. Hence, over 40 per cent of our orders in the main cities are fulfilled with our own fleet today," said Mr Markl.

The retailer is also building partnerships with partners like 7-Eleven to develop the "click&collect" business in all its markets, so that customers can pick up their parcels any time.

THE RIGHT ATTITUDE WITHIN

Being a young company and a start-up, Zalora had the advantage of being "very forward-thinking".

"In fact, all our measures to ensure we deliver efficiently, and to ensure that we're easy to shop with — such as with the launch of our apps — were measures pushed for by management across the region," he said.

He elaborated: "Every week, employees including the managing directors are calling customers who have rated our service not 'excellent' to understand the reasons behind their feedback."

"This means, customer complaints related to products are handled by our buying/product team, logistics-related complaints by our operations team and website-related complaints by our marketing team. Being so close to our customers gives us very good insights and helps us to improve our service offerings continuously."

On government support for businesses on the service improvement front, Mr Markl cited initiatives like SPRING Singapore's Customer Service Toolkit for small and medium enterprises and the Customer-Centric Initiative, but pointed out that they were "more slanted towards service in the most basic sense — physical, face-to-face customer service such as at resorts, restaurants and physical retail outlets."

With many services going online, he suggested more grants and schemes geared towards e-commerce, "such as in software development, app development, or development of delivery logistics".

In the meantime, the Productivity and Innovation Credit scheme is one resource that businesses could tap, as investments in IT and automation equipment are eligible for claims, he added.

Infrastructural investments aside, Mr Markl acknowledged service productivity boiled down to "having the right people at all levels, continuous training, and tight performance management", and front-line staff, a mainstay of the services sector, was still key to delivering good service.

"While it's easy to find good people at a management level, it is a bigger challenge to hire and retain people within the lower income brackets," he said.

"These people are key to ensuring that our customers have a more than pleasant order and delivery experience with us, as they are the closest to them, and they are often the only physical customer touch-point we have, especially in e-commerce."

*Mr Harry Markl, Regional Managing Director of online retailer Zalora, believes in delivering the best customer experience right from the start.
PHOTO: ZALORA*

● **ISES' Industry Forum** on service productivity was held on Sept 6. The other speakers were Professor Joseph Porac, Visiting Professor (Strategy & Organisation Group) at SMU's Lee Kong Chian School of Business, Ms Yoshimi Nakajima, Singapore Country Manager at American Express International, and Mr Tony Hong, Senior Vice-President of Security Business Group at Certis CISCO Security.