

# Marketing research for new look



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The New Look clothing line is well-known, as the clothes represent the latest fashion; they attract young women of 16 to 25-years old. The clothes are affordable and they make the customers look good, while at the same time creating an attractive atmosphere for the customers to purchase in. New Look sells clothes and accessories at prices which are typically 30% below traditional competitors, but with significantly more fashion content than the value competitors. The business's product range has widened to include men's and children's wear. Average store sizes have increased with an investment in a new distribution centre to cater for this. In turn, its customer base increased significantly.

New Look has an active CSR policy and has appointed a Director of Corporate Social Responsibility accountable for all aspects of the group's strategy for ethical trading, social responsibility, the environment and sustainability. In particular, a key focus at New Look is ensuring appropriate standards of factory conditions for the workers of suppliers. New Look has been a member of the Ethical Trading Initiative since 2003 and has adopted the ETI Base Code for its Ethical Aims. The Company has materially increased its investment and activity over a number of years. New Look also has clear policies on environmentally sound, sustainable raw material sourcing, recycling, employee communication/rights and energy conservation. (Apax, 2008)

## **Purpose of research**

This report will be based on the research done about New Look; its customers, the company itself and its activities. The research purported to understand how the customers react to the product, what they value most

about it and what they want to improve. It also seeks to demonstrate how the company perceives its product and the way they offer it to their customers.

### **Type of research undertaken**

In order to get feedback from the customers, a quantitative research was used. An online survey at [surveymonkey.com](https://www.surveymonkey.com), consisting of 10 questions, some of them with several options in them, was conducted. (See Appendix 1)

Respondents were contacted via e-mail as a means of being directed to the online survey. The survey was kept open to responses for seven days, to provide sufficient time for answering.

The customers were asked questions regarding their overall satisfaction with their shopping experience, the quality of the clothes they bought, the reasons why they choose New Look, their impression from the service in the stores, their opinions and finally their recommendations. The research on the company, its daily activities and operations, their perception of what creates value for the customers and how they deliver this was conducted by an interview with the senior manager at the New Look shop in London. Mr. S. Akther. The research was then finalised by contacting the store managers in the New Look shop in Tirana.

### **Post research review**

After having conducted the required research on the company, its customers and their relationship, the research would have been complete if these questions were asked:

How often the customers shop at New Look

What do they spend on average everytime they do

When are they most likely to shop (holiday seasons, weekends, afternoons?)

Overall, the research conducted does show the general views of most customers and most of them concur on most questions.

## **Conclusions drawn from research**

Customers appreciate the fashionable brand and the primary reason they choose to buy at New Look is due to the latest trends it offers.

They were also quite attracted to the atmosphere in the stores: purchasing is a good experience, as they have good music on the background, the stores are welcoming. It seems that the store management does a good job in taking care of the stores. Furthermore, customers find the window displays capture their eyes and it makes them go into the shops.

However, they do not think they are provided with an excellent service in the stores, rating the service received from the staff as ' Good'

The customers also find that most of them are happy with the location of the stores and find the store easily accessible

Only 37% of the customers have tried shopping online, and most of them are pleased

Almost all of them stated they would buy at New Look again, with a small percentage not excluding the possibility of seeing what its competitors have to offer

The research shows that almost all of the customers agreed that the quality of the clothes is very high, and they have rated the value of the clothes they have purchased as very high.

The customers' only complaint was however related to the prices – they do not match their expectations; and feel they would not visit other competitors if the prices were lowered

The company does really try to cover all the aspects of customer value, however there is still room for improvement in customer service, availability, pricing

## **List of Customer Values**

From the research and the target market, the following factors contribute to customer values:

Design of the clothes

Fashionable clothes, latest trends

Good quality,

Price

Availability

Service received from the staff while purchasing

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Location of the store

Store atmosphere

Online availability

## **Prioritising Customer Values**

Good design – clothes should capture the eye

Fashionable – from the latest catwalks

Good quality – long lasting and reliable

When shopping at New Look, the customer have chosen these 3 aspects as the ones which they first consider Since the product is fashion clothes, the primary intention is to buy an outfit which reflects the latest trends. They are also affected by the brand name which New Look holds, as brand name is an important guarantee of high quality

Price – reasonable prices will encourage the customer to buy

The company that strengthens the value of its products in the eyes of customers gives it more pricing options: it can raise prices to reflect that value or hold prices lower, which induces more customers to purchase its product and expand unit sales volume” (Hill and Jones, 2004)

Availability – customer wants to find its desired clothes

Customer Service -Customer satisfaction is desirable so as to achieve customer loyalty because it is more cost effective to hold on to existing

customers than to attract new ones (Kotler, 2003; Hill and Jones, 2004; Heineke, 2004).

Other – store location, store atmosphere

## **2. How customer value is understood and met by product/service provider**

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The concept of adding value is particularly important to the retail trade because retail customers are thought to be “value-driven” (Sweeney and Soutar, 2001).

“Retail firms interact directly with consumers and rely on being able to furnish goods and services which satisfy their needs and wants; therefore, retailers need to embrace a consumer orientation when thinking strategically” (Turley and Chebat, 2002: p 127).

### **Basic customer requirements noticed by product/service provider**

Jane Norman seeks to provide the best designs of clothes, and keep up with the latest trends. For example, the latest fashion season includes floral decorations into clothing, be it dresses, tops, shirts, skirts etc. That is why the company has created a product line by considering the latest fashion.

The company also knows that it has to differentiate itself from its other competitors. That is why it has created a very unique store atmosphere, one which is very welcoming and attracts the customers.

Jane Norman has had a rapid expansion in its UK sites in the last years. This shows that it has considered location as an important factor in its profits. Being located in the main city centres, customers can feel closer to the shop – that means that it is easier for them to purchase at Jane Norman.

Jane Norman is also aware that it depends on customer service – an unsatisfied customer will spread the word and this will weaken the customer relationships. That is why it has invested in several training programmes for its employees to be able to make the best impression on the customers.

From the research, most customers felt that the clothes were priced unreasonably – the company should thus consider in more detail that customers may wish to purchase a similar product at one of its competitors in a cheaper price, for example opting for Primark instead. However, the Jane Norman manager expresses the view that creating value means more than just offering low prices. That is the reason why customers stay loyal to the brand and find that they are offered other benefits when they shop at Jane Norman which cannot be provided by their competitors. This principle has also been supported by Negley (1998), who has expressed the view that creating value means offering a bundle of benefits that reward customers in proportion to their expenditures of time, energy and money.

The manager also seems to know about the issues with online shopping. Not enough stock on the shops or no availability of products online causes dissatisfaction to the customers.



## **Customer value in product material/service elements**

When designing their clothes, the designers provide the latest fashion sketches, and materials which will attract young women. The clothes are designed in order to last for a long time, thus providing reliability. Although a bit pricey, the customer can make sure that the dress she has bought will be fashionable; she will be wearing the colours that represent the current trends, and most of all, the dress will be of high quality. The materials used in creating that specific dress will be of the best quality, so that they can guarantee that the product can be worn many times and will still look like its freshly bought. The investment in the product materials is a reflection of the prices of the company.

## **Customer value in product package/service presentation**

Excellent packaging can be a magnet to your store – packaging design can get the attention of a customer. That is why Jane Norman has grasped on this concept to sell more products. The good packaging is capable of building, creating and reflecting the brand. (Buxton, 2004). That is why it is providing bags which will capture the attention of other customers and make the purchaser feel good.

## **Mechanisms to measure customer satisfaction**

In order to make sure that the business is performing well and that customers are satisfied with the quality of the product they are offered, the company is keen on measuring its customer satisfaction. In doing so, it gains a further insight into its products, people, customer service processes and how they may compare to its other competitors. The information collected

helps identify what specifically needs to be changed for customers to give the company more profits.

The first information the company gets is in the shop. After having had a shopping experience at New Look, the customers have the option to complete a Visitor Feedback. The main points which New Look wants feedback on include the store standards, window displays, back of house and security, product-related questions and action points.

Next, they can collect information from customer comments and letters. In order to be provided with quantitative data, the company conducts online surveys, in which the customers are asked about their satisfaction with the clothes they have bought, the service they were provided in the shop, their overall shopping experience, what aspects of the product should be changed and comments of specific aspects they can improve on.

The company also conducts research on their customers' satisfaction by checking the number of visitors who go on their online website, janenorman.co.uk and the number of customers who buy online, as well as the comments left on their website and other websites, blogs, etc.

Not only does the company collect feedback from the customers from different sources, but they firstly work to make sure that the service and product they provide to the customer are of the highest quality. That is why they follow the Operational Excellence system.

The objective of the operational excellence system is to evaluate the New Look business and operations to constantly deliver the best standards.

Emphasis is placed upon measuring their standards and ensuring the standards are fully understood at every level. Furthermore, the intent of this evaluation process is to achieve results by creating effectively written action plans, when they see opportunities to improve in any of their business perspectives.

### **Other aspect of customer value which is/is not considered by product/service provider**

Jane Norman is planning to expand its stores on an international base. However, this rapid expansion means that the company needs to focus more on the culture of those foreign markets. Many researchers suggest that culture plays a large role in customers' expectations of services and thus, their perceptions of those services. The differences in culture between countries mean that if the company does not reflect the country's culture, it will not be welcomed in that country. For example, the eastern countries are more likely to want the shops to be open until late hours, or for a different behaviour in customer service, or the design of the clothes needs to match the local country's perception of fashion, or maybe the customers can find the prices unacceptable. It is thus suggested that a deep analysis of the foreign market is done before expanding in new countries

### **3. Pro-forma C**

#### **The Impact on Value Chain Activities**

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The value chain concept can be helpful in understanding how value is created or lost. The value chain describes the activities within and around an organisation which together create a product or service

#### **Sales Activities**

The store team work hours to suit the business. In order to ensure sufficient running of the store, a good balance of day to day coverage must be achieved. Due to the nature of the business, managers and assistant managers are required to take Monday, Tuesday or Wednesday as their day off. As the weekend is the busiest trading period of the week, it is sensible for 2 members of management to be in control of the stores. Management are expected to work late night.

Flexibility in hours will be expected during peak trading hours, such as Christmas, summer holidays and sale periods, when trading hours may vary. In order to cover the intensity of the work during these busy periods, temporary staff may need to be employed. Supervisors, full time and part time staff receive paid overtime for hours worked exceeding their contracted hours.

#### **Employee Satisfaction**

It is in the company's best interests to keep its employees satisfied. That is why employees are offered discounts on the clothing. For example, the

branch manager is offered 50% discount, the concession managers, assistant manager and branch supervisor are offered 33% discount and finally, the concession supervisor and sales assistant benefit from a 25% discount.

Also, each member of staff is given an allowance and receives a 75% discount on that amount. The uniform allowance is available 4 times a year and ranges from £200 for the branch manager, to £50 for a part-time sales assistant. Employees can claim their uniform allowance one month after having provided their service.

Furthermore, to reward long service, branch managers with five full year's employment with the company are entitled to 25 days holiday per year.

## **Appraisals**

In order to develop the team working in the New Look Stores, an appraisal system has been implemented. This means that each member of staff, prior to commencing their employment, receives induction training from a member of Store Management. After the initial appraisal, further appraisals are conducted at 6 month intervals. Appraisals offer an opportunity to highlight any good work and to show the appreciation, or alternatively, to show any areas in which the employee needs to improve on. It gives the team a chance to speak freely about their views and concerns, their achievement and ambitions and it also gives the managers the opportunity to clearly define their expectations and clarify and agree objectives and actions.

## **Management Training Program**

The management training program provides the future managers with extensive training on all aspects of the job. The training program includes the following:

Till training

Back Office training

Management Functions

Merchandising and displays

## **Accounts, billing and receivables**

### **Daily cash Processings**

Daily cash processing on the till reflects the physical movement of cash, Gift Vouchers, etc. All banking are done from the safe. The following figure explains how the cash processing works at New Look.

## **BANKING**

Once the money from the night before has been banked and a member of management has checked it, the money is taken to the Back Office.

A safe reconciliation sets the values of the safe tenders to whatever is entered. Once a Safe Reconciliation Report is printed, the expected amount, actual amount and variance for each tender will be shown.

When an employee needs to get cash from the till for any reasons, s/he registers the pay out on the till. A pay in is only ever done when a staff

member receives change from the bank, which will usually be done only once a week.

Staff members should always pickup all the money they have made that day and put it in the safe.

## **Payment Types**

If they wish to purchase, customers can pay by cash, credit/debit cards, cheques, or they can use gift vouchers. New Look Gift Vouchers come in £5, £10 and £25 denominations. The vouchers are released by the head office in books where each book contains 10 vouchers and each voucher has a unique voucher number on the reverse.

Customers who reside outside the EU can be issued VAT forms. The total value of New Look merchandise purchased must be £50 or over. The VAT refund is returned to the customer by cheque.

## **Customer/materials/information processing operation**

Process technology covers the machines, equipment and devices that create and/or deliver products and services. The distinction between these is for convenience only as new technologies integrate the three of them, and they are called integrating technologies. (Slack et al, 2007)

## **EPOS**

New Look uses Electronic Point of Sale technology, which processes shoppers, products and information.

EPOS processes the customers by adding up their purchases, processing their credit card and providing a receipt which details all the purchases and

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prices. During transactions you can capture details to form historical and analytical buying trends of your customers that can be used for marketing and promotional targeting

EPOS also processes the materials from unsold items to sold items, updates stock records and creates purchase orders to replenish stocks. You can scan barcodes

Lastly, EPOS can provide information on control systems and financial systems, how the products are doing; slow-moving items, out of stock items and profitability.

## **E-Business**

New Look has also set up its online website, where it displays the clothes, and allows the customers to purchase them. The use of internet-based technology which supports existing business processes or to create entirely new business opportunities, is known as e-business (Slack et al, 2007). The advantage of online selling is that it increases the number of customers that can be reached and the amount of detail which can be provided on the products. Given that only 37% of customers use online shopping, this aspect of value chain is still not greatly impacted, as it is currently used to mainly support the existing business processes.

## **Recruitment**

When recruiting, the candidates are carefully chosen, as they will represent the image of New Look. The candidates should have a passion for fashion and the brand, and should be aware of the latest fashion trends. The two main attributes they should have is common sense and customer focus.



These are obviously exceptionally important. Standards must be kept high, as the business depends on customer care.

At peak periods, the company may look for additional staff or employ part-time staff in order to better cope with the increased number in customers.

## **Retail Assist**

In order to be closer to its customers and provide them with all the assistance they require, New Look has engaged a round-the-clock service to the shops without the need to grow its team any further. It has done so by engaging Retail Assist, a retail-solutions and services providers to provide an out of hours Help Desk to support all of its UK stores.

This strategy has helped New Look in many ways. Firstly, it has minimised disruptions at point-of-sale caused by issues with store systems. The same level of service can be delivered to the customers regardless of the time of day. The remote monitor is responsible for the key event schedules over the weekends including store polling and key overnight batch processes.

## **Procurement and distribution**

New Look is seeking to be a global firm. With a rapid expansion in the UK and Europe, it is now setting new targets. However, this will require the company to rethink and reconfigure its sourcing and procurement strategies.

In a global environment, retailers will have to reconsider the location of warehouses, the consolidation points they use to move merchandise, relationships with carriers, and other third-party service providers, the use of trade zones and trade preference agreements. All these decisions should be

managed in such a way that they will bring the maximum profit. In seeking to expand in foreign markets, it should also be noted that the supply chains need to be managed according to the changing laws and other regulations, in order to avoid delays. (SAP AG, 2007)

It will now be seen how New Look has had to react to such developments in the global scene. New Look used to have three hubs in London. However, its ambition to expand its market has affected its activities in procurement and supply chain. That is why the fashion chain has centralised its operations by setting up a global distribution centre. This centre is responsible to distribute to the 225 New Look stores and it can handle up to 100. 000 pieces a day, which means that it is able to ship all garments received by the next day. This is a major improvement as stores can now have delivery every day.

A huge part of the building is dedicated to the handling, storing and picking and packing of products. Another part has been built in order to store replenishment stock and to service the international and franchise picking operations. This is where the delivery of the orders made online starts.

## **Retail Stock and Stores Management**

In creating value for the customer, retail stock and stores management is quite important. According to Harnett (1998) “ Consumers are drawn to these stores, not by the broad assortment, but by the benefits of shopping made simpler.”

The ‘ atmospherics’ in a store is an indication of the store’s target customer. Atmospherics may affect: “ the speed at which consumers move from one point to another in the store, the degree of well-being felt by the staff

working in the environment, the total sales revenue, sales pattern and type of product sold, the image the consumer has of the store and its merchandise” (Gilbert, 2003).

Firstly, the store itself is the first point at which the company presents its image. Therefore, it is crucial that this image represented is high.

Firstly, the store itself is the first point at which the company presents its image. Therefore, it is crucial that this image represented is high. The two mottos which Jane Norman uses in attracting customers to its stores are thus to drive sales through merchandising and to create impact. Emphasis is put on the best-sellers: a certain line can attract more customers and that is why they should be more accessible and visible to the customers. Employees also pay attention to stock the right amount of garments on each piece of equipment. As soon as the items become depleted on the key locations, it is vital that they are replaced with something equally good in selling power.

## **Design**

The fashion business is all about attracting the customers’ eye. That is why retailers will need to truly understand their consumers’ preferences and desires. This is critical in order to make sure that the right product is designed and delivered to a specific market. The company must therefore understand factors such as body shapes, size ranges, fabric and colour preferences, climate conditions, and cultural factors in order to decide which is the best design that catches the female group’s attention. The key to the retailer’s success will be in delivering these new products, lines and brands to the market faster. In order to keep up with the ever changing trends and

needs, retailers should focus on the high-margin and high-growth opportunities in order to stay ahead of competition. The company needs to emphasize rapid design cycles and strengthen the collaboration with suppliers, especially those who understand the target consumer market. (SAG SA, 2007)

The designers working on the New Look clothing line will then have to communicate their specifications and line sheets, including production and delivery requirements, with the factories assembling the finished goods. Furthermore, in order for New Look to be able to bring the new clothing line every changing season, seasonal calendars need to be used in order to follow a time-and action workflow. The clothing line needs to be finished on time, and this will be achieved by ensuring that all stakeholders involved in the design process, such as designers, production planners, production factories, etc., meet the critical deadlines as demonstrated on the calendars.

## **Order fulfilment**

A high level of customer service means that the employees are more likely to be able to take customers' order if an item they are seeking is out of stock. This usually requires the assistance of the Customer Service Department, which can find out stock availability or even the next delivery date for any style for a customer. They will also be able to check when an item of stock is due into the store to advise the customers of a delivery date.

It all gets more complicated when the topic of online shopping comes up. Technology has enabled business to have an online presence with a transactional website where the customers can order their favourite products

or they can pick them up in stores. Online shopping has almost become part of the customer experience; but it creates challenges with regard to the supply chain activities. The online channel may create a risk of letting down the brand image and lose the customer relationship. Supply chain transparency is still a major problem for retailers, yet the customer expects the best experience and prompt delivery.

New Look has got its online business as well on [www.newlook.com](http://www.newlook.com). The research has shown that customers do feel that they are not able to find enough stock in stores, after having checked their favourite products online. This is because of the fact that each store has different locations, sizes, ranges and variety of clothing. It is sometimes the case that customers may be taking back goods to a store that doesn't handle that line, so the employees cannot accept the return. This will consequently create trouble in handling repayment, and measuring of costs and performance.

New Look has contacted Amethyst, a logistic provider. Working in a project team, the team created an end to end fulfilment solution. This has created New Look new opportunities in attracting more customers and creating customer loyalty. The new channel allows the company to extend its brand and gain more profits from internet sales.

## **Customer service support**

When purchasing, the customer will be in direct contact with the staff and there will be many occasions when the customer will require support or additional help in her purchase. That is why customer service is crucial to

create a good impact. According to Gilbert (2003) the service of a retail operation is judged through five dimensions:

Tangibles – such as uniforms, mirrors, fitting rooms;

Reliability -the ability to perform the service dependably and accurately;

Responsiveness – by reacting in a timely manner with the right level of knowledge and courtesy;

Empathy – demonstrated by providing a caring, individualized service performance for customers;

Assurance – to provide credibility that the service standard will be upheld.

It is important to the New Look stores to provide such service to its customers. Since the research has demonstrated that the price expected by the customers does not match the real pricings, a good customer service can be used to overshadow these complaints. If the five aspects mentioned above are included in the service, then the customer may overlook the price and focus more on the satisfaction received by the shopping experience. That is why, by attracting customers with good customer service, they will not visit other competitive shops.

## **Customer Service Department**

New Look has set up a Customer Service Department. The main role of the customer service department is to deal with complaints from the customers, finding solutions and keeping the customers satisfied. They can inspect faulty items which are sent for inspection and can discuss the nature of the

fault. Each week it is someone's responsibility in the store to chase up the customer returns. The items are the customer's property and thus the CSM works towards providing a quick and efficient service.