

Zappo??s assignment

Business, Marketing



Zappers Final Assignment Before starting the analysis It should be taken In consideration that Capos business is done thru e-commerce and It managed to Introduce Itself at the early sass's when society had trust Issues with making business online, which Is the platform that Capos used to create trust and enhance It's value proposition. 1. Acquisition Capo's strategy for acquisition is to aim to prospect customers by: Word of Mouth – The best policy for acquire a client trust is thru a good referral, this fact is exponential when applied to e-commerce Excellence in Customer Service –

Achieved by an easy contact either thru the website and most importantly thru the call center, whose goal is not only help the client to complete their transaction and resolve any problem they may encounter, but to go beyond and create a connection with every customer. Actions speak louder than words, this Is true for the WHOM policy on Capos which have made them famous since the company started, Capos understood In their early stages that the influence of “ external effects” such as advertising or direct marketing, where not good enough tools to convince society to engage with the new rend of e-commerce.

One of the main problems with e-commerce is trust (Specially in offs), Capo's managed to break the trust barrier by making themselves available 24/7 and by implementing one of the most flexible return policies in the market. This two elements take away the risk of buying online, since the client has the chance to give back the product If they don't like it or It doesn't fits, because of these, the buying experience Is Just as If you go buy the same product on a store. Once the risk has been stabilize, capos creates value by providing an

easier shopping experience here customer can go thru an online catalogue and buy from home.

Retention By excellence in customer service, clients are constantly in a delight stage bringing high satisfaction levels since they receive way more than what they would expect from any other company and even from capos itself! Client service and returned policies have created several switching cost, which enable them to retain their clients and also very important they created strong imitation barriers against competitors Evaluation cost – once the customer has tried and trust Capo’s service, buying the risk, which makes it simpler Just to stay with capos.

Benefit loss cost – This is not a “ premium customer” benefit, but the generous return policy is given to every capos client, and it represents a big switching cost that might be stronger than strong price reductions, since the money being saved on buying the product, might not be worth nothing if they can’t trust that the product will be delivered in time, with the quality expected, with a return policy, etc..

Relational Switching Cost – The call center staff is instructed to create personal bonds with customers, even if it means to talk about non-purchasing themes for hours, everything so that clients have a personal relationship with the brand (not only one staff member, but all of them)

Development All these combined had created both attitudinal and behavioral loyalty, which translates into positive whom and continued repurchase habits. No matter the cost, the repurchase habits on clients must be kept

specially if we take in mind that capos might constantly increase their product assortment.

Having this in mind, even when the cost of the returned policy and the call center seem high, the company is investing in the Customer Lifetime Value, as said in the article, once a customer gets acquainted with the shopping experience thru Capos their repurchase levels increase as Capos keeps growing their catalogue it's assuring future purchases of their loyal customers. As seniority in clients grows so does their social value, which completes a cycle for new clients acquisitions by making WHOM a major drive for consumption in this industry, thus making the investment on loyalty measures completely worthwhile. . Returned Merchandise Policy Capos brand has been built from gained trust from clients, this is what makes it exceptional, since it has created customer experience of delight that comes not only from exceptional operational process but from the service provided, making client's needs a first priority. As previously explained, the returned merchandise policy is a main component in the customer life cycle, not only is present in all stages, but its relevant for throughout acquisition, retention and development.

As if it wasn't enough, this policy is crucial to the product value proposition and its a main differentiation factor from all competitors, since there's no other company that's so flexible on the returned researches. Customer equity, might be affected " negatively' by high acquisitions/retention costs, but rather than an expense, this should be counted as an investment (as Capos attract more customers induced by a social network effect.

If Capos decided to cut down on returned policy, it would create a “dissatisfied effect” since as we had learned, the problem with delighting customers is that from now on this special treatment is now an expectation that if its not fulfill would bring to disappointment. Secondly, e-commerce is filled with competitors, big and small, you can find any kind f product assortment on the web and most importantly most of this companies try to attract their clients thru advertisement (mainly on web) and low prices.

If Capos applied the same strategy, it might destroyed value, since it wont be able to differentiate from the rest of competitors that rely on publicity instead of being a one of a kind company that you will discover thru a very good referral. The proposition of cutting down on returned merchandise to invest on advertisement should be completely rejected, rather than advertise, it would be a better idea for the many to invest on social network management just to make sure they are present and to empower their spokespersons to amplify the social network effect.

The merchandise returned policy might have room for improvement for profitability purposes, we haven't been provided with the numbers, but for instance the time lapse of a one year could be cut down without having a big negative effect on clients, allowing the company to recognize profits accounting wise at an early stage. 3. Client Service by Ranking As discussed before, the call center is the key for profitability, since its the element hat creates a personal bond and the element of trust.

If Capos decides to apply a distinctive service to their clients, they will no longer be providing an exceptional customer service, at least not to all of

them. The commerce industry is still in the initial phase, they are new customers buying products for the first time, they are the late adopters and they might need an incentive to take this step. The call center is exactly what this potential customers need, they are interested enough to try to contact the company, they need to check that everything is legitimate and a good client service will assure them that they can trust Zapped.

The call center is even more important for new clients, by applying a priority service based on seniority, Capos might lose a big share of their potential customers, since they will provide a disappointing first impression and some of them will defect even before they become customers. If the company is forced to cost reduction, they must do everything in their power to keep providing the excellence in customer service, because this is what the brand transmits to both new and current clients. By changing this factor, the brand will lose reduce its operational cost on logistics, their inventory, anything else before affecting client service.