

## Introduction

[Morrisons](#) was founded over 100 years ago, as a stall in Bradford market. It has been a family business for most of the time since. Under Sir Ken Morrison's 55-year leadership, until he retired in 2008, the company grew steadily 'from market stall to superstore.' With over 450 stores, it is now the UK's fourth largest food retailer.



## Differentiating the business

Amongst the large supermarkets, several features make Morrisons stand out and differentiate it from competitors. By promoting its 'fresh approach' and commitment to sustainability, customers become aware of the freshness of its food and its concern for the environment. Morrisons holds great control of its supply chain known as the 'field to fork' approach. As a result it possesses more control over the quality of its produce.

This helps create a competitive advantage. Fresh produce is sourced locally wherever possible, which is then processed in Morrisons' own manufacturing facilities. Fresh produce is delivered into its own temperature-controlled warehouses and packing plants in the UK and abroad. Produce is then carefully transported to stores nationwide. This vertical integration allows Morrisons to support local producers and UK farmers.

## Achieving competitive advantage

Morrisons employs more specialist butchers, fishmongers and bakers than any of the other UK leading supermarkets. Morrisons' fresh and innovative business focus is reflected in its approach to recruitment. In 2010 it employed more than 131,000 people who served over 11 million customers each week. It offers career opportunities in a variety of areas including logistics, manufacturing, specialist trades, IT, marketing and finance.

Morrisons prides itself on its dedicated approach to career advancements through its 'shop floor to top floor' approach. Morrisons is passionate about creating careers for fresh new talent. This is reflected in its aim to attract 1,000 new young people to join the team next year. Morrisons won the Employer of the Year Award at the 2011 Grocer Gold Awards. This demonstrates the focus it places on colleagues and their ability to deliver fresh produce and exceptional customer service.

This case study shows how Morrisons uses customer service to differentiate itself from its competitors, motivate its colleagues and help the business to grow.

## Customer service

High quality customer service is a key way in which a business can differentiate itself from another. Morrisons' customer service strategy is simple: to provide the best customer service by developing the best-trained and motivated colleagues within an environment where the top large supermarkets compete for market share. Its specialist in-store butchers, bakers and fishmongers work on Morrisons' Market Street to ensure customers get a personalised service from a trained professional.

By building high levels of customer satisfaction, Morrisons creates a significant competitive advantage.



## Delivering customer satisfaction

To provide the best customer service, a business needs to know what its customers expect of it and then meet these expectations. Customer satisfaction is vital for keeping customers happy and loyal to the business. It can often be much more cost-effective to retain customers than to attract new ones. Morrisons achieves this by offering products and services, through its Market Street, that are not offered by its competitors therefore maximising customer retention.

Morrisons has invested heavily in training and developing colleagues to generate its high quality customer service and has attracted more customers this past year than ever before. This shows that Morrisons' customers are becoming more satisfied with its focus on personal service, efficiency, reliability, quality and freshness. Quality customer service adds value as it improves customers' experience, making them feel valued and therefore more likely to become a repeat customer.

Customers expect to be valued and to be assisted by helpful and friendly colleagues. They need clear information and good aftersales service. They also want their queries dealt with competently, quickly and accurately. They seek value for money and high levels of colleague knowledge and expertise.

## Elements of customer service

Four key components of customer service are:

- Information - this includes information given directly to customers by colleagues and details given on published material such as websites, packaging, catalogues and leaflets. In-store, directions and signs to products allow customers to navigate through the store more effectively.
- Specialist attention - advice must be accurate, available when and where customers need it and from colleagues who know what they are talking about. At Morrisons, this includes expertly trained specialists such as butchers and fishmongers who advise on the best meat or fish for different menus as well as how to cook it appropriately.
- After-sales service - this refers to all areas of customer involvement once the sale has taken place. It includes packaging, guarantees, complaints, refunds and exchanges. At Morrisons, helpful and friendly colleagues deliver an exceptional checkout experience to help retain customers.
- Convenience - this includes the location of stores, ease of access and car parking, availability of public transport and convenient ways to pay, such as cash, card and 'chip and pin' facilities. At Morrisons, 5% of all car parking is dedicated to blue badge holders to enhance accessibility for those with recognised disabilities.



## Measuring customer service

Morrisons measure its customer service in a number of ways. Quantitative measurement often takes place through exit surveys in every store each month. Qualitative measurement often takes place through methods such as mystery shops, which allows the gathering of customer opinions and comments.

The 'Morrisons miles' card rewards regular petrol station users who collect points from fuel purchases with shopping vouchers to spend in-store. This helps to retain loyal customers by rewarding them regularly for repeat purchases.

Morrisons focuses on customer service through an initiative called 'HOT' which stands for 'Hello, Offer, Thank-you'. The focus of 'HOT' aims to bring Morrisons' colleagues and customers closer together with its principle aim to: *'Establish rewarding experiences which create an emotional relationship between the customer and the store.'*



## The 'HOT' philosophy

The 'HOT' philosophy is applied by all colleagues at all stores to deliver higher quality and industry-leading customer service. Colleagues are encouraged to talk and integrate with customers to deliver a truly personalised customer service experience - *'chat as you stack'* and *'talk as you walk'*.

The communication and training programmes for the rollout of such an initiative can be expensive. The benefits of creating an environment where colleagues have been well trained to deliver great customer service, far outweigh the associated costs. Colleagues that are engaged and committed to deliver great customer service will ensure that customers receive a better quality service.



## Colleague engagement

### Encouraging customer-focused behaviour

The behaviour of Morrisons' colleagues has a direct influence on the level of customer service received in store. To ensure that colleagues perform to the best of their ability, Morrisons offers extensive training and development opportunities and recently won the title of 'Employer of the Year' at the 2011 Oracle Retail Week Awards for its dedication to colleague skills development and training. Training is the process that directly benefits the business. Development benefits individuals through enhancing their skills. Morrisons' philosophy of 'learn while you earn' means that existing colleagues and new recruits can gain qualifications and experience whilst working. This benefits both themselves and the business.



### People development

Development occurs at all levels, including apprenticeships and courses for school leavers, in-house degree programmes, jobs and training for graduate recruits. Last year 48,000 colleagues achieved the QCF (NVQ) Level 2 Retail Skills qualification that helped them to improve their understanding of serving customers effectively. Morrisons continually looks for team players with the leadership skills, passion, commitment, integrity and drive to make things happen.

The Morrisons' Academy provides support and training for colleagues of all levels from school leavers to senior roles. The Academy is a partnership between Morrisons and several academic institutions including the Bradford School of Management and the Bradford Business School. The Academy is committed to training all colleagues, including managers, to deliver excellence in their jobs based on expert coaching and the Morrisons' model for excellent customer service. 70% of Morrisons' managers are 'home grown', having been trained by the organisation rather than being recruited externally. Morrisons thinks of itself as being a learning organisation, which means that as solutions to issues are developed they become 'company knowledge'. This approach helps Morrisons' colleagues to continuously improve the customer experience. Morrisons focuses on three areas:



- Training – ensuring all colleagues have the skills and motivation that they need to deliver great customer service. The development of traditional craft skills including baking and butchery skills means that customers enjoy food prepared to the highest standard.
- Coaching – used to build confidence and commitment through support, mentoring and guidance. Examples include input from sports coaches at Leeds Metropolitan University to help improve performance by delivering improved service to customers.
- Communication – used to make sure that all colleagues are aware of benefits and changes. This keeps colleagues enthusiastic and engaged.



### The 'one-team' approach

Everyone at Morrisons from store colleagues through to head office and throughout the supply chain are part of 'one-team'. This approach prevents inter-departmental competition at the expense of customers' experience. Instead, everybody works together to help provide the best service possible. Rewards for team members range from colleague discounts and long service awards to profit sharing. Everyone has the

opportunity to share in the success of the business over the year with a lump sum payment related to earnings.

### The benefits of customer service

Morrisons focuses on developing colleagues in order to satisfy customers in the best way possible. Colleagues are encouraged to engage with customers and help them to feel that they are a part of the Morrisons' family. This helps create loyal customers by offering the best fresh produce and excellent customer service. Colleagues are trained to help play a key role in delivering good customer service. Colleagues are therefore an integral part of the customer service offering and their training helps them to deliver this. The high levels of customer service at Morrisons leads to satisfied customers and repeat trade, with the number of customers visiting the store up from 10.5 million to 11 million per week.



### Supporting business objectives

It can be seen that good customer service feeds directly into strategies for improved business performance and business growth. The emphasis placed on customer service also helps with colleague motivation. When colleagues receive positive customer feedback, this makes them proud which in turn motivates them to deliver even better customer service. Praise from customers fed back to colleagues is one of the key positive outcomes of delivering quality customer service for any colleague at Morrisons.

### Conclusion

Morrisons aims to be the best supermarket for fresh foods to give it an advantage over its competitors. This is achieved through its unique 'field to fork' integrated approach which allows it to control its own supply chain to ensure that food is fresh and of the highest quality.

Morrisons trains colleagues through customer service initiatives such as 'HOT' to become experts who can offer customers the best possible level of service. Training and development programmes create an environment where colleagues are able to deliver exceptional customer service.

Morrisons aims to train colleagues who are motivated and proud of who they work for, supported by management that understands and values its people. This helps everyone feel part of the family, upholding the family values and traditions of a family-focused business. As Morrisons says: *'It feels different for our customers because it feels different for our people'*.

