

Online success for an iconic retailer

HMV is an iconic UK brand that's dominated the high street since opening its first London store in 1921. It is now the only major entertainment retailer to maintain a high street presence and is on track to replicate its success online. Today, HMV is satisfying its customers' appetite for innovation and reinventing its business to meet the digital revolution that's transforming the music and entertainment industry. Revenues have grown steadily for hmv.com and the recently established purehmv reward programme has won over a million members. Careline provides comprehensive customer service and sales support to HMV's online customer base and purehmv members, giving the company the flexibility it needs to accommodate rapid growth.

"The ability to grow our online business without adding fixed overhead was a primary reason for outsourcing our contact centre operation in 2006," explains HMV's Customer Contact Manager, Catherine Santamaria. She makes it clear too that the operation has had to cope, not only with growth, but also with significant volatility – new releases, unexpected events etc. Like many retailers, HMV's business peaks around Christmas, with the company making a very high percentage of its annual sales over a two month period. "That means we can typically take the same number of calls in a single day in December that we would take in a week during the summer," says Catherine.

To accommodate this increase in volume, Careline steadily builds from a core team of 20 agents to over 100, using a ready resource of contact centre staff and its highly flexible resourcing model.

Tales of the unexpected

And, while Christmas can be anticipated and prepared for, other peaks cannot. The death of Michael Jackson in summer 2009 drove HMV's sales of Jackson related products and therefore calls to the contact centre up dramatically. Later the same year, the introduction of Call of Duty: Modern Warfare II – the world's biggest computer game to date, drove contacts up by a massive 55%. "It's the ability to cope with these unexpected peaks that really makes the difference," says Catherine. "Careline's ability to move quickly, the team's willingness to go the extra mile, and the apparent ease with which they achieve the shift is amazing. And, the reassuring thing is that service standards seem to remain remarkably consistent – and gratifyingly high – whatever we throw at them!"

Dealing with peak volumes is something Careline – whose client base includes several fmcg, telecommunications and retail companies – is used to. "Companies in these sectors all struggle to manage dramatic contact volatility," says Liz Parry, Careline's Account Director for the HMV Group. "That means we have to be adept at forecasting and planning and keep a ready pool of agents close at hand. We've

The logo for hmv, with "hmv" in a bold, pink, lowercase sans-serif font, and the tagline "get closer" in a smaller, black, lowercase sans-serif font to its right.

developed a best practice forecasting and scheduling capability to support our fast moving, dynamic retail clients and, because we're serving HMV from both our Chiswick and Selkirk offices, we have two labour pools to draw from. This dual-site operation makes our service to HMV extremely robust."

Bring it down...

While HMV appreciates Careline's ability to manage large volumes of contacts, it's also anxious to see contacts decrease. Taking unnecessary calls out of the operation has been a key objective since day one. "Like HMV, we appreciate that consumers have better things to do than talk to contact centres," says Liz. "And we understand, too, that our client is anxious for every contact to be a productive one. For that reason, we've been working steadily to help identify contacts that can be avoided – contacts that add no value to the customer or to HMV's relationship with that customer. We continually work to refine the balance between contacts and cost to serve"

Careline carefully logs the reason for every contact made to its centre by HMV customers and uses that to provide relevant management information back to Catherine and her team. Analysis of this information allows HMV to identify issues in its own operation - its supply chain network, for example, its product information or billing operation - that are causing problems for customers and giving rise to contacts. "We can then take action to correct those business process issues," explains Catherine, "which saves hassle for our customers and – ultimately – money for us. Careline's ability to provide this information and insight makes an invaluable contribution to our efforts to contain costs and to improve the customer experience."

Whilst delivering excellent service to its customers is the number one priority for HMV, the need to take unnecessary cost out of its business is a reality the company can't afford to ignore. Like any retailer battling stiff competition in a tough economic climate, the challenge is not only to grow its business, but to contain the cost of that growth.

Since working with Careline the company has reduced the contact rate – and, therefore, the cost associated of handling contacts – year on year. Sales have grown in the same period and the overall cost of service has fallen by an impressive 35%. "In our online business the contact centre is our only real customer interface," says Catherine. "We rely on Careline to bring us customer intelligence that helps us build a more successful business and to maintain our leadership position."

Lost in post...

HMV typically delivers goods to its customers within 2 to 3 days. Occasionally, however, delays in the postal system can extend that to up to ten days and the company asks its customers to wait that long before assuming that the goods have been lost in the post. By adding this message to its IVR service during its Christmas peak, Careline provided routine callers with the reassurance they needed, while allowing calls about serious delivery delays to get through. "This simple action had a dramatic impact on call volumes and cost of service," confirms Catherine.

The use of intelligent IVR to give timely messages has been a feature of Careline's service for HMV, which has delivered substantial cost savings.

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Creating communities

Like many retailers HMV has recognised the importance of building customer communities through innovative loyalty programmes. Launched in 2009 the purehmv reward programme allows customers to gain points for every purchase that are then redeemed for exclusive products on the purehmv web site. “Largely thanks to our many partnerships – including one for live events with MAMA Group and for cinema with Curzon – we’re able to offer products and experiences that other retailers can’t match. As a result we’ve seen dramatic growth in the purehmv community – over a million members to date,” says Catherine. “But, of course, the task of administering the programme is a considerable one.”

Careline not only manages all customer calls and emails to purehmv, it has also worked closely with HMV to develop the contact centre processes and support mechanisms to underpin the community’s operation. And, once again, customer feedback delivered by Careline has helped. “Soon after the launch, and based on insights from Careline, we were able to redesign the registration process, making it easier for customers to complete and cheaper for us to manage,” Catherine concludes.

And next?

The next challenge HMV is set to tackle is to centralise the management of calls from its 280 retail stores nationwide.

“Right now we’re working hard to test and develop the best solution for HMV,” says Liz.

Catherine explains. “Some of our larger stores can take literally hundreds of calls a day, some of our smaller outlets, only two or three. Managing these calls effectively and with consistent quality from the store is difficult, given the huge number of locations involved.”

In a pilot operation, Careline is now handling calls from fifty of HMV’s biggest stores. “Over the next few months Careline will not only manage the calls, but capture data that will help us analyse and understand call patterns and plan a centralisation strategy. And, along the way, of course, they’ll help us understand the drivers for those calls, too, and how we can improve life for our in-store customers.” says Catherine.

Results summary

- Volume of overall contacts down by 42% year on year
- Careline service delivery cost down by 35% over the lifetime of the contract
- Customer intelligence driving process improvement

Key facts

- Primary customer interface for HMV.com and purehmv reward programme
- Contacts increase by 78% during peak
- With agent requirements rising to over 100
- Based in Careline's Chiswick and Selkirk locations – access to two labour pools, with management control close to HMV's London HQ

HMV – an entertainment industry market leader

HMV is the UK and Ireland's leading specialist retailer of music, DVD, computer games and related products:

- 280 stores nationwide – 100m square feet of retail space
- Over a million purehmv reward members
- Recession beating 2009 trading results:
 - Record peak trading for third successive year, with total sales up 14.6%
 - Double digit sales growth for hmv.com
 - HMV UK & Ireland like-for-like sales up 2.2%, building on strong comparatives from previous Christmas, giving two-year like-for-like growth of 5.3%
 - Sales of technology and related products up 50% year on year
 - Over 27m CDs, DVDs and games sold in HMV UK during Christmas 2009

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Customer Contact Manager, HMV

Find out what engaging with Careline could do for your customer relationships and your business results.

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