

Service Culture Report

欧尚零距离

Auchan Touch - "Zero Distance"



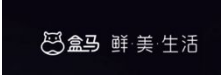








- 10 useful benchmarks
- Insights from the staff survey
- Insights from interviews
- Consistency with the Auchan Service Strategy
- SWOT analysis
- Questions raised





Benchmarks

Focus on 10 brands focusing on customer experience in China

Restaurant	Retail		IT	Logistic	Bank	Home Appliances	Airline	Auto	Fashion	
										
Starbucks	Haidilao	Hema Fresh	K11 shopping mall	XiaoMi	SF Express	China Merchant Bank	Haier	Hainan Airline	Mercedes – Me	Pop Up Stores
Innovations, up-to-date	Detail focused service	New retail model, online+offline	Museum Retail, Modern Space	Making friends with fans & users	Customer Caring Service	The most updated financial service	Proactively approach customers, put their experience at the first place	Five star services, best air experiences with human-based services	Immersion experiences to Mercedes tech and environment	Various Immersive Experience



Interviews

- The interviews have been run from 13.07.2018 to 19.07.2018
- 20 persons have been met: YP1, YP2, Headoffice, Regions, from various management levels and staff levels
- Interviews from 30 to 60 minutes
- Very nice climate of discussion, open
- The goal was to understand the strategy, the organisation and the current customer culture at Auchan China in day to day situations

- 1 A new strategy is set to prepare for a new world
- 2 Is the knowledge about the actual customer experience good enough?
- 3 The Customer Culture is product and process oriented, with a lack of customer care
- 4 How can we put the Auchan management culture and the Chinese culture together?
- 5 The customer culture has also to come from within the company

1.1 The Chinese context pushes us to change rapidly

- *We are aware that we must change and we have started changing. The hypermarket models doesn't work anymore here, we just have ageing people coming to store to socialise.*
- *If we don't target excellence, we will be "has-been" very quickly in China.*
- *We digitalise retail. It is a must for us.*
- *We need to reduce the gap with the normal standards in China and in Shanghai. It is a big challenge for us because we kept the same customers as 20 years ago.*
- *Shanghai is the city of delivery. You can order everything you want.*
- *[but] Distribution time to Eastern China and Central China may take 10-15 days. [...] Alibaba and others have more high-end systems.*
- *Competitors are not only "Hyper", but whoever competes with us for the customers are our competitors.*

1.2 Auchan has decided on a winning and engaging new strategy...

- *We want to be modern and accessible.*
- *We want to build a new company based on the Human project and the Brand project*
- *Our strategy of area of living is great .*
- *We want customers to live a real experience that would push them to come to a store.*
- *We want to provide experience + care, but as well be more professional.*
- *Manage zen atmosphere together with the shouting and friendly atmosphere of a fish market.*
- *How to attract Y and Z generations to our stores?*

1.3 ...and has started launching actions, with some challenges to face

- *The Digital transformation has started recently; Alibaba was a pioneer in this field. Quite a lot has been done, with Auchan Delivery; Taobao app;*
- *We have an incredible luck of having the hypermarkets and be able to build a digital offer around that.*
- *We have talents for the Digital transformation: we have enrolled many individuals, got people with IT skillset.*
- *How to do new retail: aggregate of online and offline; for online we are over 30%, the ratio is not big though; offline still has multiple possibilities.*
- *We multiply opportunities of partnerships, with partners that are very demanding. My fear is that we would deceive them.*
- *In the process of implementing/adaptation of new project, how to select new model swiftly; For example, Auda store - does it fit the Chinese model?*
- *We are considered by the Corporate as a laboratory.*

2 Is the knowledge about the actual customer experience **good enough**?

- *We don't have good information about each store and its exact environment. Just NPS per store.*
- *If we are not professional enough, we will not be able to do anything, NPS shows that our priority number 1 is to be more professional on all sectors.*
- *Now customers want to focus on quality and price. This is the most important.*
- *We spend money offering 5000 SKUs in the section while customers want only 2000.*
- *With digitalisation we save customers time – Quick checkout; Self-checkout; enhance experience [but] Self service is a challenge for some customers who have difficulties.*

3.1 The customer culture is at a low or basic level, in staff but also in customer behaviour

- *Globally people are too focused on products, on their own tasks.*
- *Employees are globally not interested by customers. I don't see a customer service mindset. And human relationship is globally at a less high level as in Europe. What is important is the result. Here is considered as the norm if you are not well treated.*
- *It has to be balanced. I give and I receive. In the Chinese culture this must be a care that is based on friendliness. Because we fit together, I will take care of you.*
- *They have in mind to serve the other, maybe not to deliver a sustainable level of service.*
- *Cashier people are the most sensible to service, because this is the only product they can sell, and this is where you can create relation.*
- *Good service at cashier is being positive and speed.*
- *Twice a year there are the crazy days ; You can't manage the crowd in that case. We staff just stand there to check security.*
- *Nobody minds being crushed here.*
- *There are few processes, we don't write enough.*

3.2 With 2 types of employees having different expectations and attitudes

- *PCs feel part of Auchan. They have the same uniform so they are the same in the eyes of the customer.*
- *PCs are more aggressive, they get incentives if you buy. Whereas for a Auchan staff, if someone does purchase something, it is considered as additional work.*
- *PCs have no attachment to the company, they always are in a kind of conflict of interest, with an even higher turnover. At the same time they represent 90% of the customer culture.*

3.3 The Auchan culture requires more mature customer culture

- *We are completely far from the idea of Auchan in respect of customer culture, on all aspects: service, decision process or behaviours.*
- *Skill number 1 that is needed is discipline and precision*
- *It will be good to give more customer view to the commercial teams, and involve the section managers. They are not customer oriented and not focused on cost-benefit analysis.*

4.1 Management levels are a target for change

- *Our management style is very Chinese. The boss requests, it is delivered with no question.*
- *If you don't accompany correctly a section manager, he will leave after 1 or 2 years.*
- *[...] the store managers are young, with a high turnover. They might lack experience to analyse complex studies.*
- *Some managers don't feel capable of managing their staff.*
- *The boss is always right. It is difficult to make them [staff] talk, if they don't agree with the decision. They wouldn't like to lose face.*
- *We have meetings once a month. We discuss customer relations and target customer satisfaction*

4.2 Staff turnover is a big issue

- *We face a staff turnover of 30%.*
- *Our staff come to Auchan because it is an international company [...] They stay because the performance we are asking is low, there are more holidays, they can grow thanks to training and growth of the company.*
- *We have a paradox between ageing customers and much younger staff.*

4.3 We are on our way to adapt to a Auchan-style of Management

- *We have an ambiguity. Can we put the Chinese culture and the Auchan Culture together? Auchan is not very structured and we expect collaboration and bottom up approach.*
- *For those who would like to work with empowerment, it is very complicated.*
- *Participative management like we do at Auchan is more difficult in China. They expect the boss to organise everything.*
- *Auchan needs loyal people with passion. We need to hire bold individuals, with vision, proactivity and with desire; enthusiasm. They have to have team consciousness – a willingness to spend time for training of subordinates; giving feedback to superiors; and competitive spirit.*
- *Our management is fair & just; each individual has his own range of responsibilities; responsible, with an exact division of labour; optimal organisation of work; understanding of strengths and weaknesses of each one.*
- *We have created the SMART programme to solve this lack of management skills. In 3 years they should become store managers. They are good. They say what doesn't work. They suggest changes.*
- *The good thing in China is that we are not afraid of test and learn.*
- *We have too many KPIs in the company*

5 The customer culture has also to come from within the company – Consideration Symmetry©

- *One of the challenges is the co-operation within the company/the managers.*
- *We need to involve & engage, make sure everybody's on the same page, have the same perspective.*
- *There is a very big pressure from business lines.*
- *My second surprise is the silos of teams[..]. I try to share resources between the teams, not easy. It is not in the culture. As an example, look at the offices, with all those walls and doors.*
- *The supply chain is a blind side; it does not receive development effort; especially in outer territories.*
- *We could have the same kind of consideration for employees and for customers. We face the same issues of recruiting and maintain them.*
- *They [are engaged, they] continue dealing with our internal clients even evening and weekends on wechat.*

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We want [Chengdu 5] to be our learning flagship, our HR lab

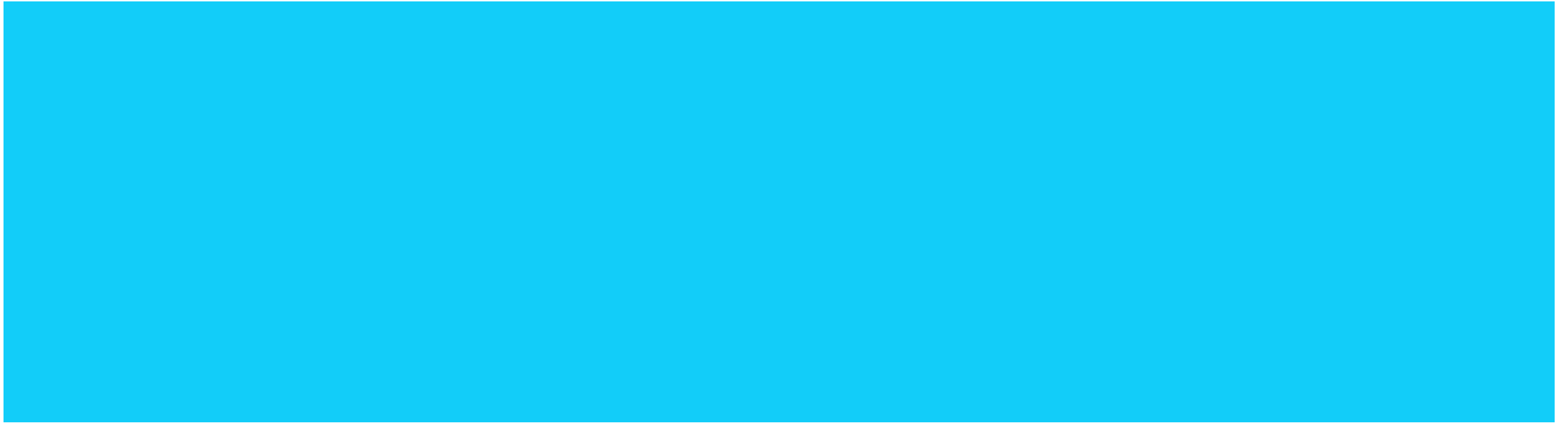
Aligned

- The strategy seems to be the right one
- The Chinese environment is not yet mature in customer experience (except digital)
- Staff customer skills are low and/or not consistent
- Customers don't behave smoothly
- Staff turnover is a priority
- To succeed, Consideration symmetry© is a must
- Managerial routines (meetings) are good

Discrepancies

- The Auchan culture should / shouldn't be the main culture at Auchan (vs Chinese culture)
- PCs customer attitude is / isn't efficient
- The managers communicate well / not well
- We should have more / less staff in stores

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Surveys

The project would be named...

最后, 请为该项目挑选一个你喜欢的主题名字 (选一个)
what is your favourite option to name the project?

欧尚零距离

Auchan Touch – “Zero Distance”

最重要的小事欧尚心 连心

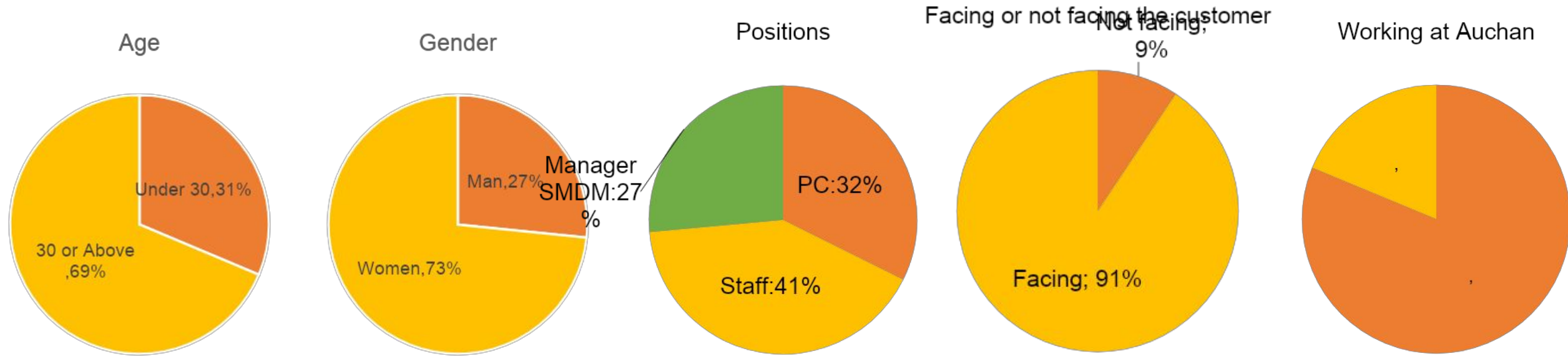
I care

欧尚心连心

Auchan Touch / Connecting Hearts

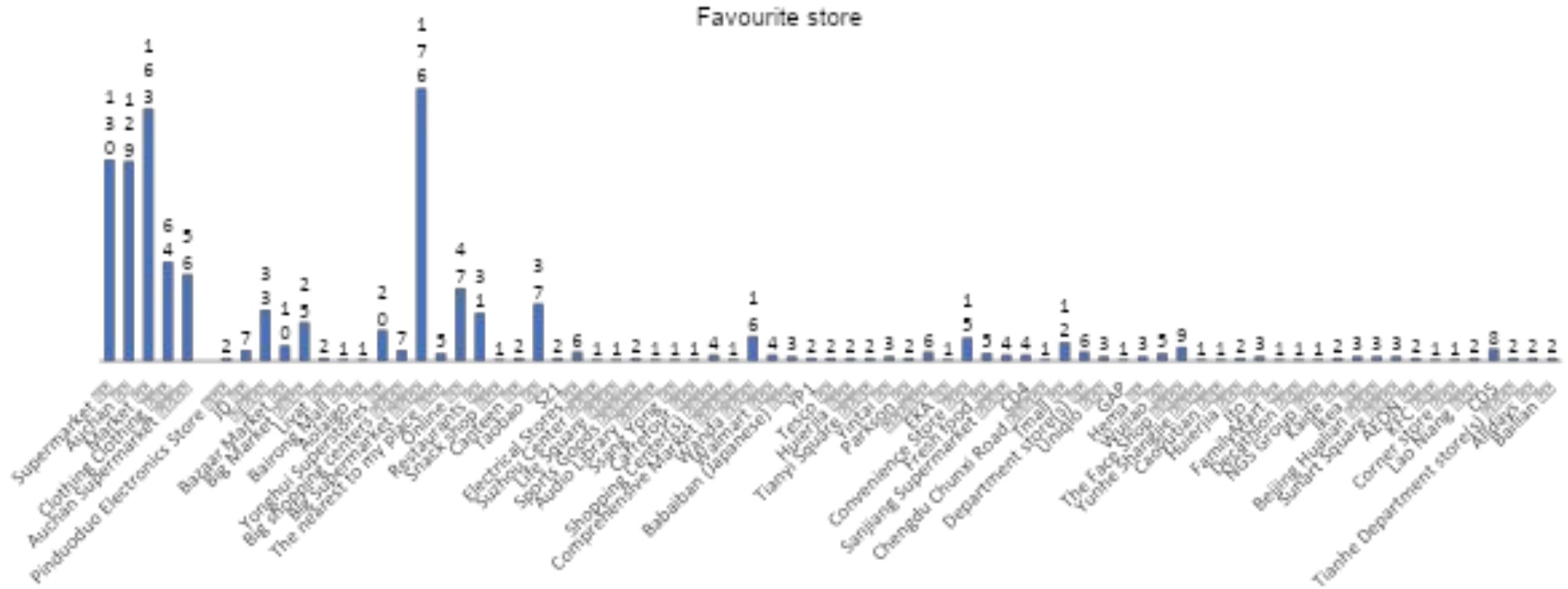
The survey

- The survey has been run from 27.07.2018 to 11.08.2018
- Answers collected from 44 Stores (see detail in appendix)
- 1525 persons answered: young, woman, PC or staff, facing customer, more than 1 year with Auchan



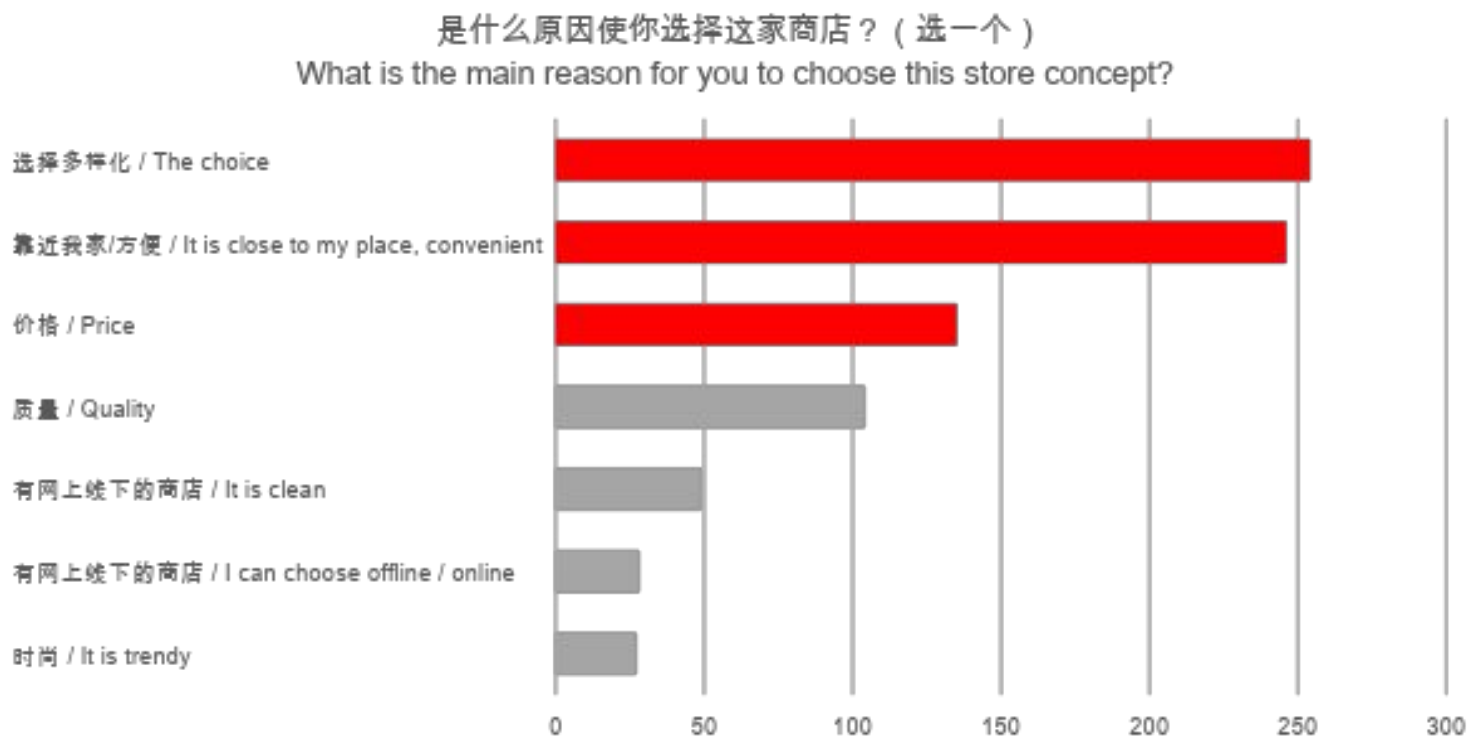
What is your favourite store for shopping? 你最喜欢的购物地点在哪里

- Big fans of supermarkets...not many names mentioned



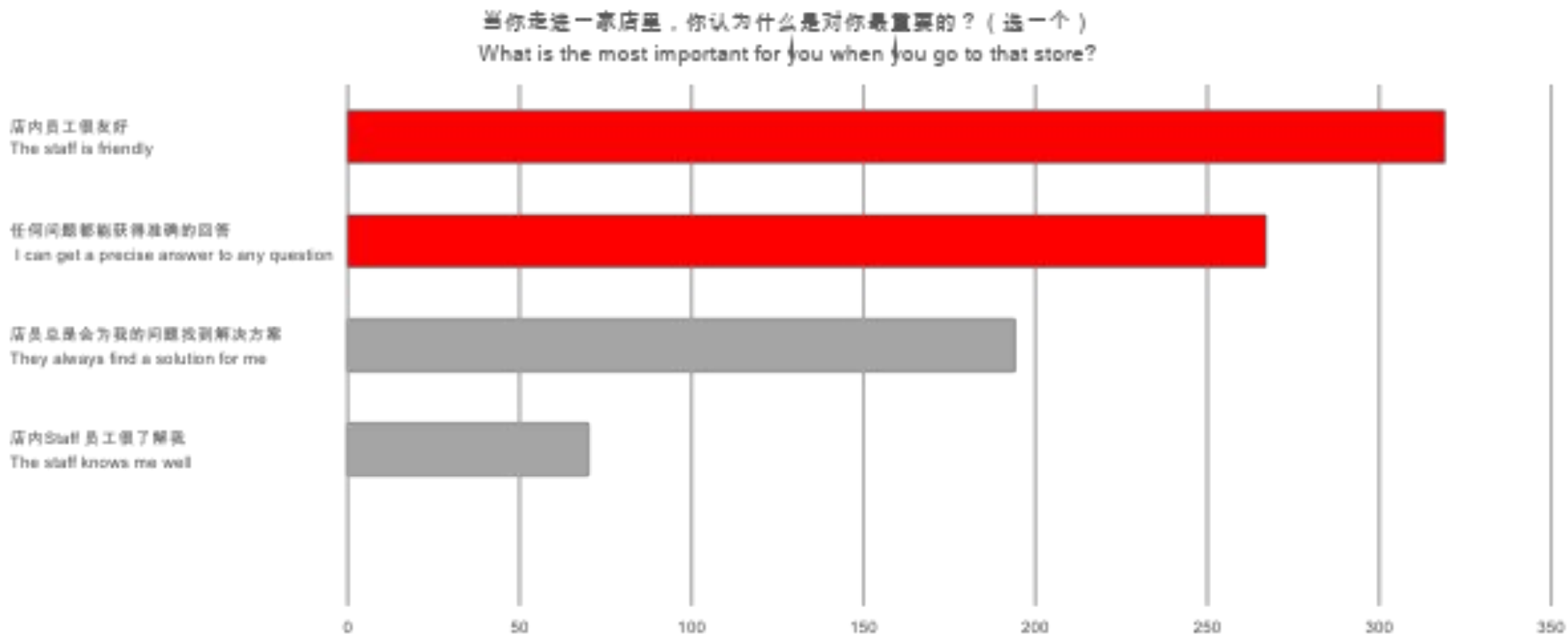
What is the main reason for you to choose this store concept? 是什么原因使你选择这家商店？(选一个)

- 850 answers not naming Auchan, Taobao or Sunart
- We have focused the analysis on their answers, to keep the analysis focused on non Auchan concepts
- “Choice”, “Close to my place” and “Price” are the most important criteria



What is the most important for you when you go to that store?
当你走进一家店里，你认为什么是对你最重要的？（选一个）

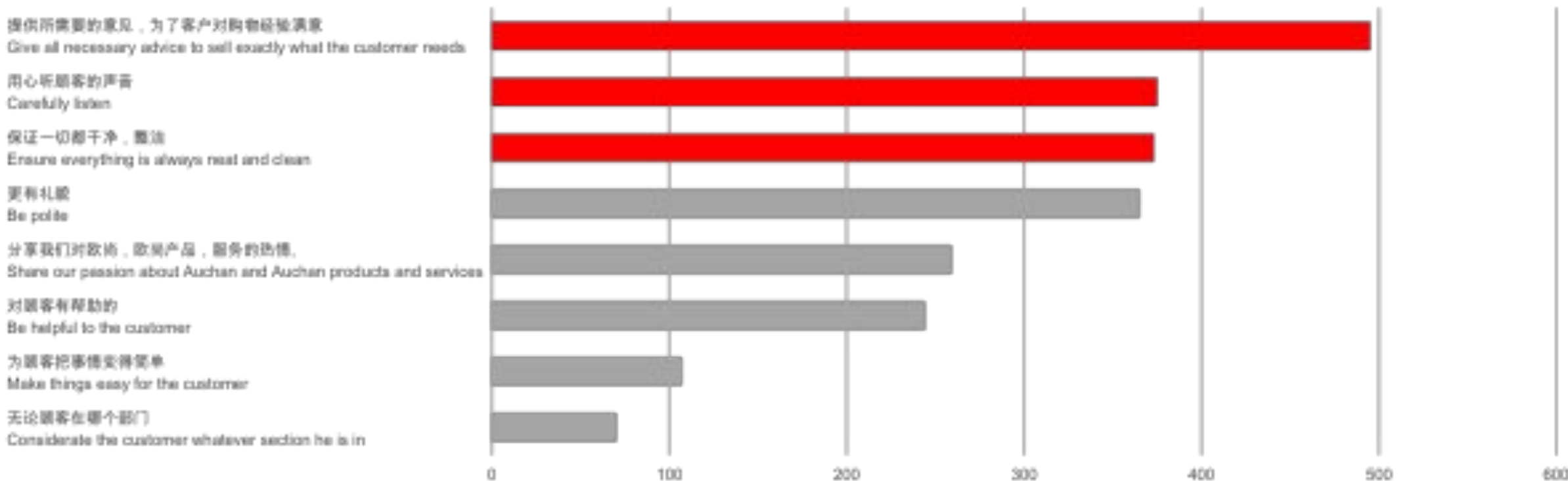
“Friendliness” comes first, as well as “I can get a precise answer to any question”



Speaking about Auchan, choose 3 words that would best describe the care we could show to customers 现在关于欧尚来回答一些问题 选择三个选项来形容我们能够展示给顾客关心

- The description of care is focused on basic dimensions of care (“advice”, “listening”, “clean”).
- More mature customer oriented features (“share passion”, “be helpful”, “make things easy”, “considerate the customer whatever section he is in”) are less mentioned

现在关于欧尚来回答一些问题 选择三个选项来形容我们能够展示给顾客关心
 Now, speaking about Auchan, choose 3 words that would best describe the care we could show to customers

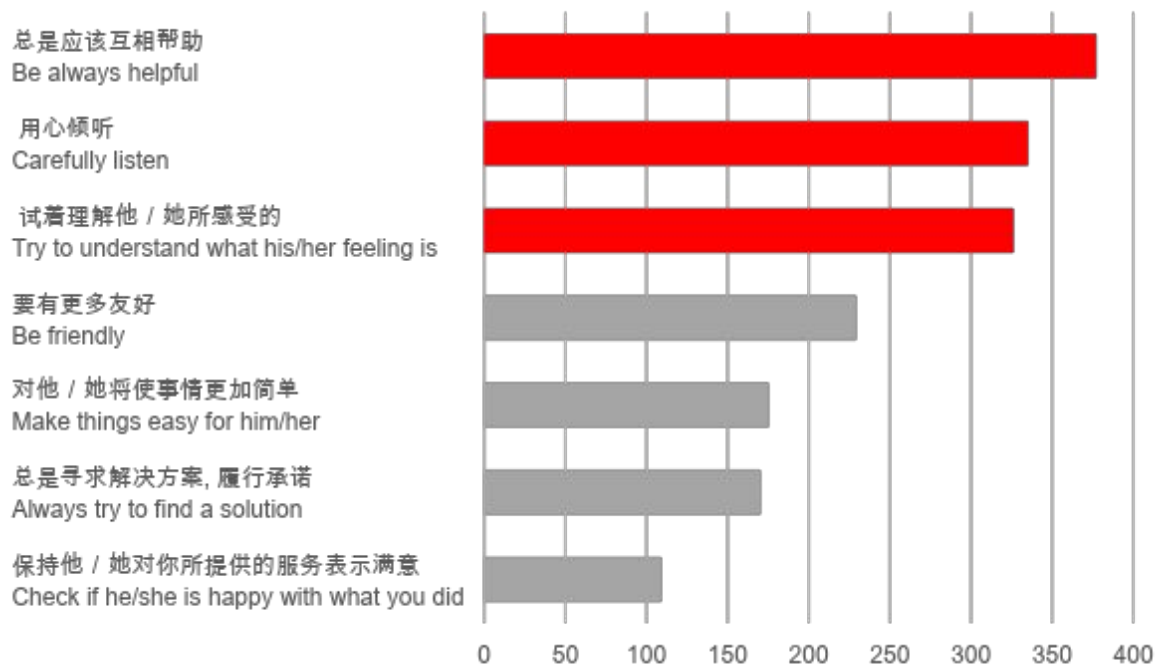


Choose 3 words that would describe the care we could show to our colleague 选择你将用于描述我们对同事能够更关心的词

- Top 3 for both staff and PCs: “be always helpful”, “carefully listen”, “try to understand what his/her feeling is”

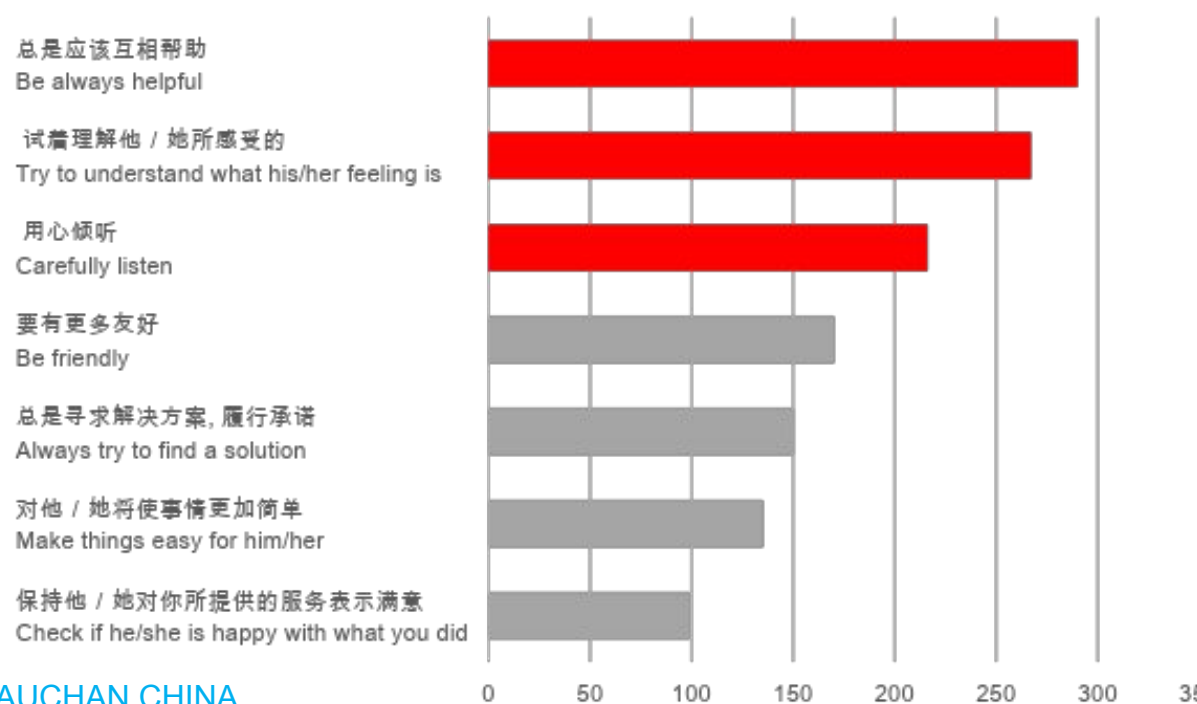
选择你将用于描述我们对同事能够更关心的词选择你将用于描述我们对同事能够更关心的词 (staff)

Choose 3 words that would describe the care we could show to our colleague (staff)



选择你将用于描述我们对同事能够更关心的词选择你将用于描述我们对同事能够更关心的词 (PC)

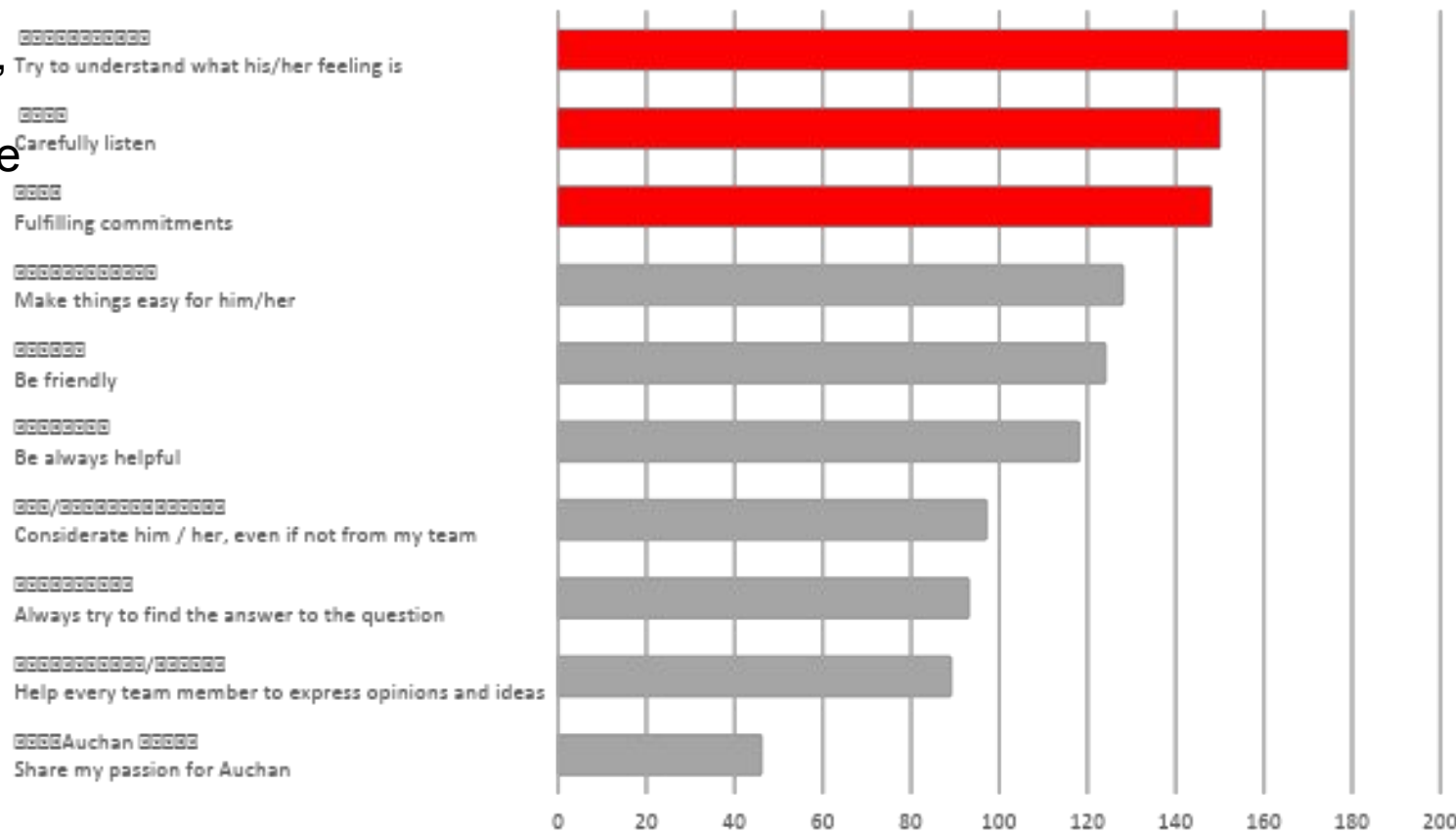
Choose 3 words that would describe the care we could show to our colleague (PC)



Choose 3 words that would describe the care we could show to our colleague 选择你将用于描述我们对同事能够更关心的词 (manager)

- Top 3 for managers: “try to understand what his/her feeling is”, “carefully listen”, “fulfilling commitments” > more advanced type of care
- 2 in common with staff (“carefully listen”, “try to understand the feelings”)

Choose 3 words that would describe the care we could show to our colleague (manager)



To your mind, what is the level of quality of care to customers today at Auchan China? 在你看来, 今日Auchan 欧尚中国顾客服务 Quality 质量怎么样?

- The respondents considerably underestimate the rate of positive customers

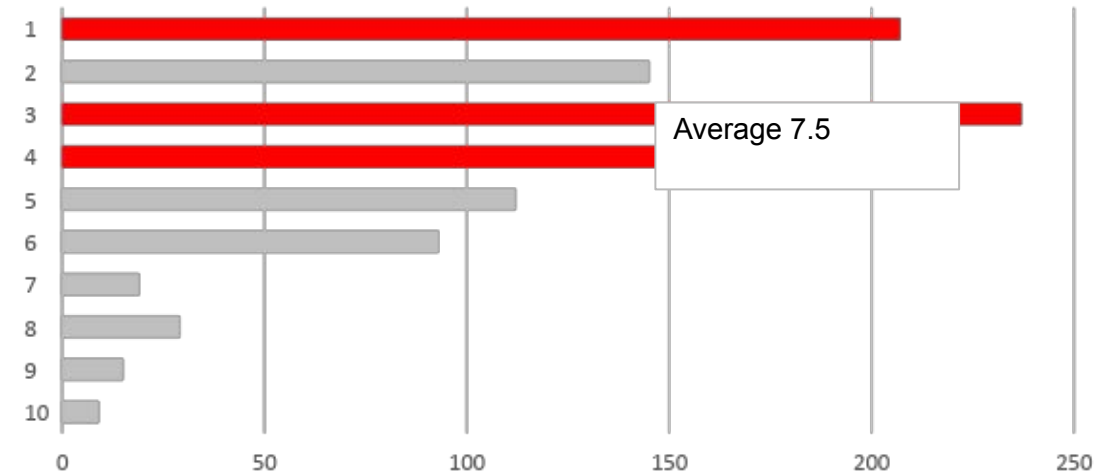
Internal survey July 18

31%
28%
41%

NPS May 18

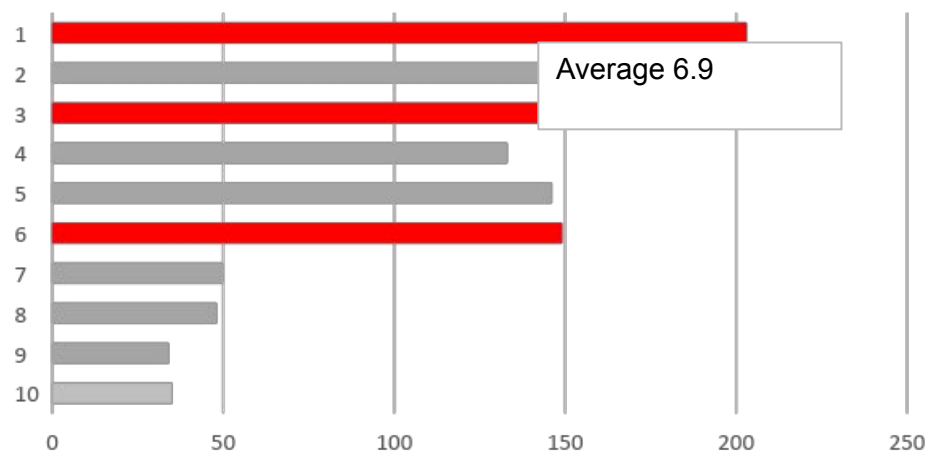
9-10 48%
7-8 46%
0-6 7%

To your mind, what is the level of quality of care to customers today at Auchan China?



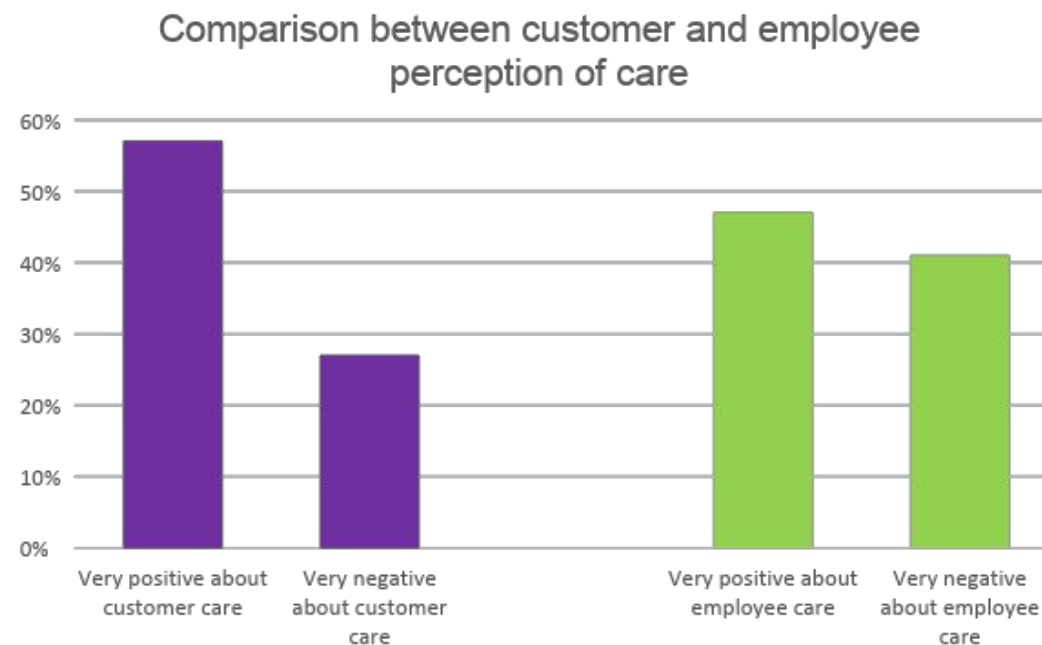
To your mind, what is the level of quality of care to employees today at Auchan China? 在你看来, 公司对于自己员工的关怀做的怎么样?

To your mind, what is the level of quality of care to employees today at Auchan China?



- Total respondents: 6.9
- Detail Staff only: 6.8
- Detail PCs only: 7
- Detail Managers only: 6.6
- Surprisingly, PC are less critical although external employees
- Managers are most critical

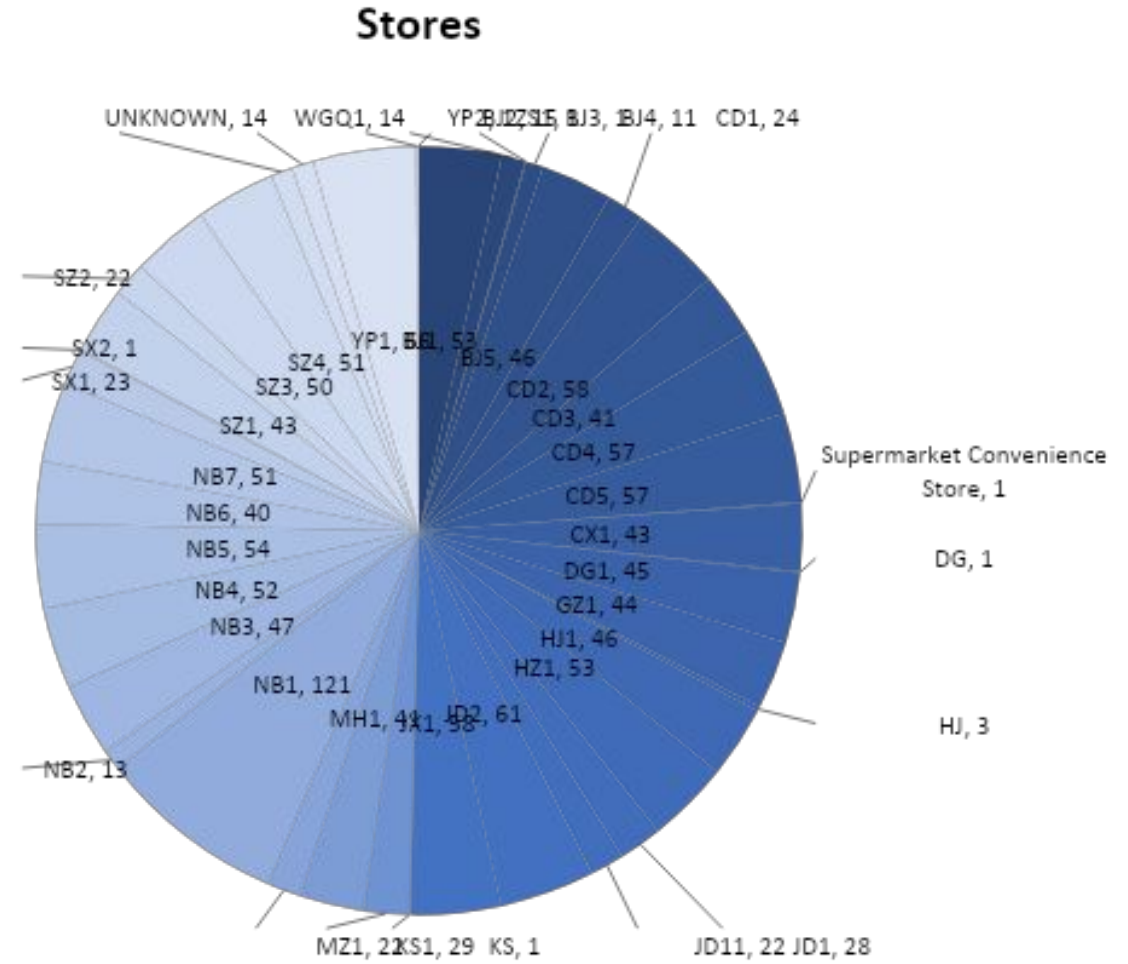
- Employee care is clearly less valued by respondents, with a big proportion of negative comments
- Very positive / promoters = 8 to 10
- Very negative / detractors = under 1 to 6





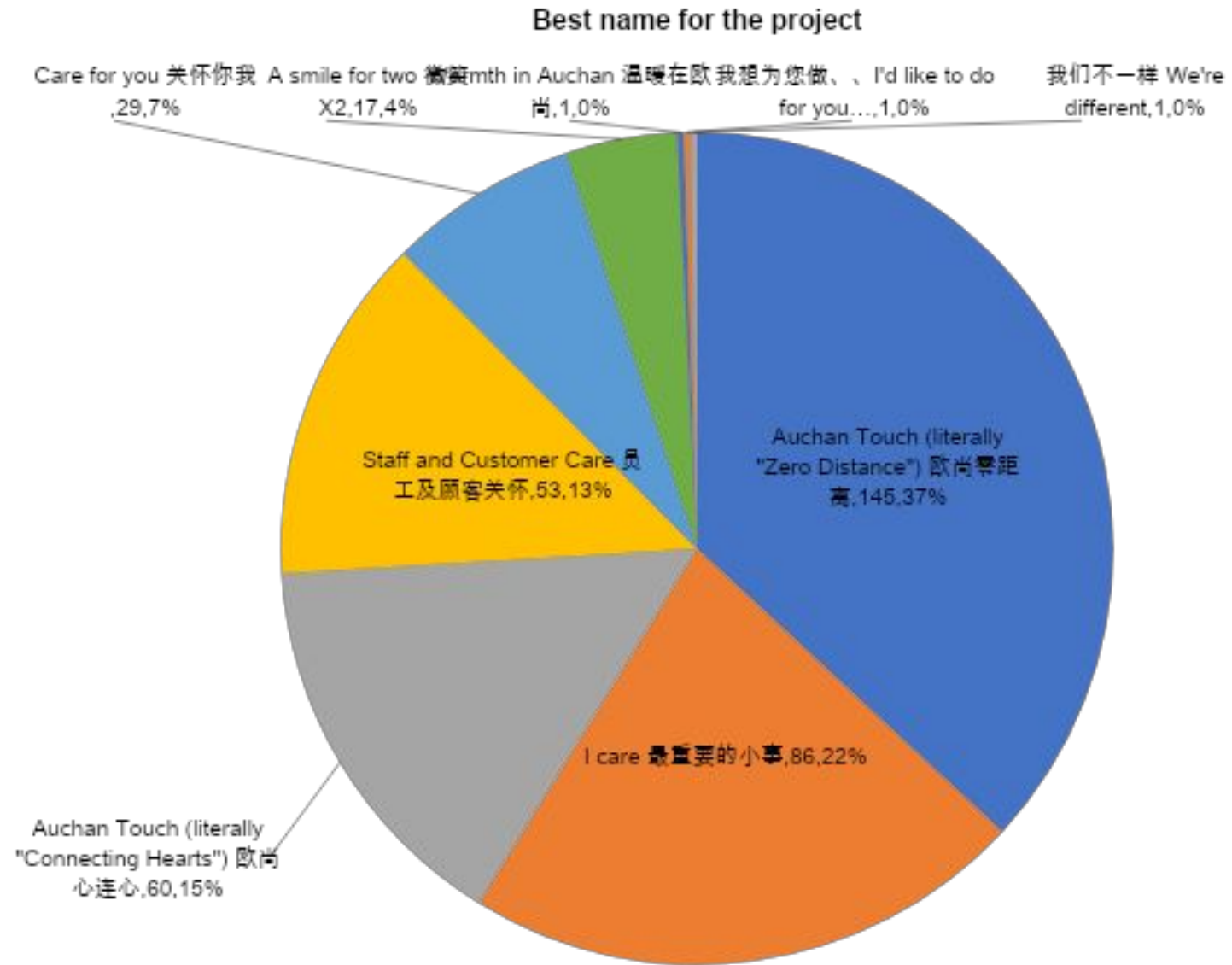
Appendix

Detail of stores



Detail of names

- NB: a considerable number of non respondents (1122)



Main attributes of a good care experience

- The staff is friendly
- I can get a precise answer to any question / Give all necessary advice to sell exactly what the customer needs
- Carefully listen
- Ensure everything is always neat and clean
- Be polite

Main attributes of a good care experience to staff / colleague

- Try to understand what his/her feeling is
- Carefully listen
- Be always helpful
- Fulfilling commitments

- > The understanding of BASICS seems OK
- > More complex levels of customer relation are not really part of the actual customer culture (such as cooperation, make things easy, feedback and empowerment)



Extract from Auchan Service Strategy

VISION

Auchan changes life

AMBITION

An innovative **Caring Retailer**
that changes everyday life

ATTRIBUTES

Quality Standards
Costs little, costs less
Attractive
Passionate
At your service

3 PRIORITIES

Reinventer l'hyper

Developper les nouveaux
formats
Accelerer O2O

2 NECESSITES

Convergence des back office
dans RT Mart

Avoir les meilleures equipes

VALUES (TO BE CONFIRMED)

Openness
Innovation
Excellence



SWOT analysis Customer and Employee Care at Auchan China

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- Strong Auchan Group culture and brand platform, with good customer culture
- Staff willing to change, agile
- Strong top management team, aligned on the need to change and strengthen care to customers and staff at Auchan China
- Transformation has started at Auchan China. Care is one of its pillar

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- Emerging need in China for more customer experience oriented brands
- Creation of the SMART group of managers who can be trained to customer orientation and design thinking
- Support from the Auchan Group and the consistency with the Auchan brand platform
- Existing and strong offline know-how, that not all competitors have

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- Level 1 of customer orientation, not a great understanding of what level 2 would be
- Lack of knowledge about the real customer experience and customer expectations
- Not a good brand awareness in China, so how to be recognised for a good care?
- Staff turnover hinders from investing in customer relation skills

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- Risk of choosing a care model that would be too far from Auchan China DNA
- The pace of change in China vs the time needed for a cultural change at corporate level
- Some competitors invest a lot on customer experience and care

- How to raise the awareness of staff and managers about the existing customer satisfaction / customer experience?
- How to measure the staff engagement towards customers?
- How to ensure the level 1 of customer care / and employee care?
- How to push to level 2?
- How to position Auchan China towards its competition, with a specific and consistent Care project?

