

LEARNER NUMBER	51694654
NAME	Jessica Soares Medina
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SUPERVISOR	Vincent Tawiah
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Point of Sales System and the Interrelationship with Customer Service

Compiled by

Jessica Soares Medina

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Point of Sales System and the Interrelationship with Customer Service

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ABSTRACT

The point of sale (POS) system is a key element in any retail business, as it is responsible for processing customer payments. Zara's POS system runs on a DOS operating system, which is now end-of-life (EOL). This research study will analyze the impact of the POS system on customer service at Zara's store in Dundrum Town Centre, Dublin. The study will use a mixed methods approach, combining qualitative interviews with managers and employees with quantitative surveys of customers. The study will seek to answer the following research questions; (1) What are the impact of the POS system on customer service at Zara's store in Dundrum Town Centre? (2) How does the POS system impact employees' job satisfaction and motivation? (3) What are the potential benefits of upgrading the POS system to a newer, more supported platform? The findings of this study will be of interest to Zara's management, as well as other retailers who are using or considering using similar POS systems.

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1 CHAPTER 1 - INTRODUCTION

1.1 Introduction Background of Research

Zara, a brand under the world's biggest fashion group INDITEX, is the largest international Spanish company. The company boasts rapid changes in fashion trends and critical strategy marketing, two factors which customers appreciate and desire. Despite this, Zara faces daily complaints about long queues, not enough staff, and management issues. Zara always says that they prioritize customer service, but they constantly fail to deliver on this promise, both to customers and employees. In light of this, the focus of this research study will be on how the IT infrastructure technology works and the new potential technologies that could resolve these issues.

The point of sale (POS) is a critical part of any retail business, as it is the place where customers execute payments for goods or services. Zara is a large international Spanish company that uses POS terminals in its stores. The POS terminals at Zara's store in Dundrum Town Centre Dublin are based on the DOS operating system, which is nearing the end of its life cycle. This research study will examine the POS system at Zara's store in Dundrum Town Centre Dublin, and the interrelationship between the POS system and customer service. In particular, the study will focus on how the POS system affects customer service, and how customer service can be improved by upgrading the POS system to a more modern operating system (McAfee et al., 2004).

1.2 Rationale for the Study

The purpose of this research is to analyze Zara's Point of Sales (POS) system and the interrelationship with customer service. In particular, the research will focus on the store based at Dundrum Town Centre Dublin. The rationale for this study is to investigate the potential issues with the current POS system and to identify potential improvements that

could be made to the system in order to improve customer service. Given that Zara is a large international company with a significant customer base, it is important to understand the potential problems with the current system and to identify possible solutions that could improve the customer experience.

1.3 Statement of the Research Objectives

1.3.1 Research Objectives

1. To analyze the current state of customer service at Zara
2. To examine the state of data security at Zara
3. To explore the financial performance of Zara and its ability to invest in IT infrastructure in store
4. To examine the influence of Zara's management on implementation of potential new technologies.
5. To determine the knowledge level of Zara's employees in regards to Digital Intelligence and its impact on the store.

1.3.2. Research questions

1. What is the current state of customer service at Zara?
2. What is the current state of data security at Zara?
3. How is the financial performance of Zara and its ability to invest in IT infrastructure in store?
4. What is the influence of Zara's management on implementation of potential new technologies?
5. What is the knowledge level of Zara's employees in regards to Digital Intelligence and its impact on the store?

1.4 Information Gathering and Data Collection

The research will be a mix of qualitative and quantitative research in order to get a comprehensive understanding of the issues at hand. For the qualitative research, interviews will be conducted with employees and managers at the store in order to get first-hand accounts of the issues with the current IT infrastructure and how it impacts customer service. In addition, customers will also be interviewed in order to get their feedback on the current system and how it impacts their shopping experience.

For the quantitative research, a survey will be conducted with employees and customers in order to get a more statistical understanding of the issues. This will help to verify the findings from the qualitative research and provide a more complete picture of the situation.

1.5 Expected outcomes of the study

1. The expected outcomes of the study are:
2. To understand how the current IT infrastructure at Zara's POS affects customer service.
3. To understand how the current IT infrastructure at Zara's POS affects employee motivation.
4. To identify potential new technologies that could improve customer service at Zara's POS.
5. To make recommendations on how Zara could improve their POS system to better meet the needs of customers and employees.

1.6 Chapter Overview

Chapter 1 will provide an overview of the research topic, including the research problem, the research objectives, the research questions, and the research methodology. Chapter 2 will review the relevant literature on Zara's point of sale system and the

interrelationship with customer service. Chapter 3 will describe the research methodology used in this study, including the research design, the data collection methods, and the data analysis methods. Chapter 4 will present the results of the study, including the findings from the interviews with managers and employees, and the survey of customers. Chapter 5 will discuss the findings of the study in relation to the literature reviewed, and will offer recommendations for improvements to Zara's point of sale system and customer service.

2 CHAPTER 2 – LITERATURE REVIEW

2.1 Customer Service

Customer service is a process of creating relationships between a company and its customers. The aim of customer service is to understand the needs and wants of customers, and to provide them with the best possible service. Good customer service is essential for any business, as it can help to build customer loyalty and repeat business. The importance of customer service in any business is crucial. Happiness and satisfaction can bring loyalty to both internal and external customers. Internal customers are directly linked with the organization example, an employee, and an external customer is a customer who is not part of the organization. As part of modern life, customers are continuously expecting higher service standards (HH, 2017).

To Schneider, White, & Paul (1998), to create a quality "service encounter," organizations must have a well-built "customer service climate." providing a customer service culture to share, accept, and live the fundamental values of customer service. Duffy et al (2004) describes that organizations stimulate a climate for service by creating practices to facilitate service delivery and expecting and pleasing service excellence—customer orientation results in relevant insights into the organization's climate for service.

For Hazucha, Hezlett, & Schneider (1993), upward feedback is an essential instrument for customer service. They provide feedback from other sources than the leader, have more chances for subordinates with anonymous feedback, and are reasonably inexpensive. There are many different aspects to customer service, and it is important to get it right. The first step is to ensure that customers are able to contact you easily, and that you are responsive to their inquiries. It is also important to ensure that your products or services meet their needs, and that any problems are dealt with quickly and efficiently.

On the other hand, Jonah C. Pardillo (2020) believes the situation of experimenting a bad customer service can be different for every individual and affect not only the external customer but the internal customer, causing the feeling of anger, bitterness, cheating, and resulting directly in financial performance. Customer service is not just about solving problems, it is also about creating a positive customer experience. This can be done by providing a high level of service, and by going the extra mile to exceed customer expectations.

The connection between customer service and financial performance cannot always be linked and is frequently confounded by illimitable other variables. The same happens with service quality and economic outcomes. It is important to remember that customer service is a two-way process, and that customers also have a responsibility to behave in a reasonable and respectful manner. Good customer service is a partnership between a company and its customers, and should be treated as such.

2.2 Data Security

Data security is a critical concern for any business, and Zara is no exception. The company's point of sale (POS) system holds sensitive customer information that could be compromised if the system is not properly secured. In addition, the POS system is interconnected with other systems within the company, such as the inventory management system and the customer relationship management (CRM) system. If data security is not adequate, this could lead to disruptions in service and loss of customer confidence.

Data security ensures that valuable data resources are kept safe during the research process. Data security is a concern in collecting, analyzing, and storing data. However, with the development of the internet and technology, the research data can be exposed to the risks of cyber breach. Depending on the importance and value of the data information, such actions

can cause several impacts. There are a number of measures that can be taken to improve data security, such as encrypting data, implementing access control measures, and providing training to employees on data security best practices. However, it is important to note that data security is an ongoing process, and not a one-time event. Businesses must continuously monitor and update their security measures to ensure that they are keeping up with the latest threats.

Cyber-security has three goals to guarantee that the degradation does not happen: integrity, confidentiality, and availability of information (Dhillon 2007). However, there are many available possibilities for attackers to access the POS terminal system, including the use of malware. To gain access, the attacker would follow fundamental steps: infiltration, enumeration, collection, exfiltration, and interception (Stoneburner, 2001). Data security is a critical concern for businesses today. The amount of data being stored and transmitted electronically has increased exponentially in recent years and with it the risk of data breaches. A data breach can have serious consequences for a business, including financial loss, damage to reputation, and loss of customer confidence.

According to (Jackson et al, 2012), credit card receipts contain sufficient information for an attacker to approach the social engineering skills, attack the POS system and allow access to the network. The intercepting network is possible due to a lack of authentication and encryption with the POS system (Constantine et al., 2016). Most POS intrusions are usually conducted in retail outlets (Lopez & Fan, 2009). According to Shen et al. (2018), the victims should adopt a financial track app. In our fast-paced digital world, data security has become one of the most important issues facing businesses today. With the increasing reliance on technology, businesses are collecting and storing ever-increasing amounts of data. This data is a valuable asset that can be used to improve business operations and make better decisions.

However, it also exposes businesses to the risk of data breaches and cyber-attacks.

In recent years, we have seen a number of high-profile data breaches that have resulted in the loss of sensitive customer data. This has led to increased public awareness of the importance of data security and the need for businesses to protect their data.

2.3 Financial Performance

Financial performance is a procedure used to measure the assets to generate revenue. Investors and analysts use financial performance to compare similar organizations in the same industry. Being the best 'fast fashion' retail, Zara provided a competitive advantage allowing rapid internationalization and generating a financial performance that many competitors have desired (Steven Burt, 2006).

It is essential to understand how the Point of Sale (POS) system at Zara affects the financial performance of the company and the interrelationship with customer service. In this section, a review of the existing literature on this topic will be conducted in order to provide a comprehensive understanding of the current state of knowledge on this topic. The POS system is a critical part of any retail business as it is the point at which customers make payments for goods or services. Therefore, it is essential that the POS system is efficient and effective in order to ensure a positive customer experience.

Inditex keeps using the same fundamental strategy. As a result, in 2021, the organization had a strong performance compared with 2020 reaching €27.7 billion, +36% more in sales, and +14% in online sales (Inditex, 2022). A number of studies have been conducted on the topic of POS systems and their impact on financial performance. For example, a study by Lyytinen & Yoo (2002) found that the use of POS systems can lead to increased sales and profits for retailers. In addition, the study found that POS systems can also help to reduce the cost of inventory and improve customer service (Karimi & HuacchoHuatuco, 2019).

Another study by Laudon and Traver (2003) found that POS systems can help to increase customer satisfaction and loyalty. In addition, the study found that POS systems can help to reduce the cost of goods sold and improve inventory management. More than 70% of global retailers operate between two and eight strategy formats. With current trends toward globalization and retail format diversification, there is a vital need to work on the impact of different retail format portfolio management strategies on retailer performance. (Delloite, 2015)

Gomes and Ramaswamy (1999) assume that organizations have become more involved in globalization. Their diversification overcomes cost benefits due to failing to adjust existing processes and structures to the global environment. Therefore, organization's performance increases up to a certain level of diversification and decreases after that. However, Assaf et al. (2012) argue that retailers can upgrade their performance by way of organizational learning as the globalization process proceeds more. They learn to regulate their operational systems to a global environment and can reach economies of scale with more expansion (Lopez & Fan, 2009).

Based on the above literature, it is clear that the POS system can have a significant impact on the financial performance of a company. In particular, the POS system can help to increase sales and profits, while also reducing the cost of inventory and improving customer service. Therefore, it is evident that the POS system is a critical part of the retail business and should be given due consideration in any research study on this topic ("Inditex group (Zara): Financial performance during COVID-19," 2020)

2.4 Structure Management

The structure of an organization can be defined as the way in which it is set up to achieve its objectives. It can be tall or flat, centralized or decentralized, formal or informal. The structure

of an organization is represented by its organizational chart. Zara works with a lean organizational structure highlighting high performance and reducing the number of managerial hierarchy levels, and decentralizing decision-making. Also, it is a vertically integrated company that dominates all of the production and distribution steps involved in creating its product. The structure of an organization has a direct impact on its customer service. A centralized organization with a tall hierarchy can be very efficient in terms of making decisions and getting things done quickly. However, it can also be inflexible and slow to respond to customer needs. A decentralized organization, on the other hand, can be more flexible and responsive to customer needs, but it can also be less efficient in terms of decision-making and getting things done (Agnieszka Faron, 2022).

Most of the authors agree that lean management is a flexible organizational structure. However, there are two points of view for Kiežun (1997) and Goold and Campbell (2003). First, focus on understanding flexible structures in their adaptability to all changes in the environment, and second, concentrate on their changeability. The structure of an organization also has an impact on the way that customer complaints are handled. In a centralized organization, customer complaints would typically be handled by the higher-level managers. This can be efficient in terms of decision-making, but it can also be slow and inflexible. In a decentralized organization, customer complaints would typically be handled by the lower-level managers. This can be more flexible and responsive, but it can also be less efficient.

Bogdanienko (2005) describes lean management based on the decentralization of competence and the duty to decentralize information and self-control, the organization of small organizational units, and the continual development of the organization. Fołtyn (2007) emphasized the significance of the organizational structure for the lean management operations and expressed that all activities need to promote the correct organizational

structure – lean, decentralized, and based on autonomous teams, enabling the effective implementation of the processes.

Likewise, Hopej (2004) defined innovative structural solutions in lean management, indicating poorly progressed hierarchy, team spirit, and significant easiness of the members of an organization. In conclusion, the structure of an organization has a direct impact on its customer service. A centralized organization with a tall hierarchy can be efficient in terms of decision-making, but it can also be inflexible and slow to respond to customer needs. A decentralized organization, on the other hand, can be more flexible and responsive to customer needs, but it can also be less efficient in terms of decision-making (Agnieszka Faron, 2022).

2.5 Digital Intelligence (POS Terminal System)

In recent years, the retail industry has been under pressure to adopt new technologies that can improve the customer experience while also reducing costs. One area that has seen significant investment is in point of sale (POS) systems. A POS system is a critical part of any retail business, as it is responsible for processing sales transactions. Zara has an outdated IT Structure that calls for crucial improvements. The critical element of the company is the POS terminal system guaranteeing the work of Zara's stores around the world. If Zara's vendor opts for a machine upgrade, the POS terminal system will no longer be compatible (Verlina Whatley, 2011).

While POS systems have been around for many years, they have undergone a transformation in recent years thanks to the advent of digital intelligence. Digital intelligence is the ability of a POS system to collect and analyze data to provide insights that can improve the customer experience. For example, a digital intelligence POS system can track customer purchase patterns and suggest additional items that the customer may be interested in. F. Warren

McFarlan (2007) says the fundamental start requires that all managers perceive IT's potential and realize that IT can have a crucial—even make-or-break—effect on an organization. He refers to Zara as an example of how IT and information-based capabilities assisted organizations in creating sustainable value in extensively differing industries and processes (García-Álvarez, 2015).

By McAfee (2007), the upgrade would prevent the opening of new stores until the IT department accomplished a solution to resolve the compatibility concern between the old software and the new upgraded hardware. A second point to assist the upgrade is that upgraded POS software will intensify functionality and network potential. Digital intelligence POS systems are not just limited to retail businesses. Hospitals, restaurants, and other businesses are also adopting these systems to improve the customer experience. However, there are some challenges that need to be addressed before digital intelligence POS systems can be widely adopted (Marr, 2019).

One challenge is the cost of these systems. While the initial investment may be high, the long-term costs can be significantly lower than traditional POS systems. Additionally, digital intelligence POS systems require a higher level of IT support and training for staff. Another challenge is data privacy and security. These systems collect a large amount of customer data, which needs to be properly secured to protect the customer's privacy. Additionally, this data can be used to improve the customer experience, but it can also be used for marketing purposes (García-Álvarez, 2015).

In opposition, the main point against the upgrade is that Zara's existing system runs almost impeccably. There is no IT involvement necessary to open a new store, and the IT department rarely obtains a call for IT support and issues (Dessain 2007). For (Sjoman 2007), upgrading the POS system is a significant project with enormous possible ramifications that may cause

big expenses and damage to the way Zara's doing business. Finally, digital intelligence POS systems are still relatively new and there is a lack of standardization. This lack of standardization can make it difficult for businesses to compare different systems and choose the one that is right for their needs. Despite these challenges, digital intelligence POS systems offer a number of benefits that make them an attractive option for businesses. These systems can improve the customer experience, reduce costs, and provide insights that can help businesses improve their operations (Deshmukh et al., 2016).

3 CHAPTER 3 – METHODOLOGY

3.1 Theoretical framework

The theoretical framework for this research study will be based on the concept of the Technology Acceptance Model (TAM). The TAM is a well-established model that has been used extensively to study consumer behaviour with regards to technology adoption and usage. The TAM posits that there are two key factors that influence an individual's decision to use a technology: perceived usefulness and perceived ease of use. In the context of this research study, perceived usefulness refers to the extent to which an individual believes that using the POS system will help them to achieve their goals, while perceived ease of use refers to the extent to which an individual believes that using the POS system is easy to use.

The TAM has been found to be a reliable predictor of consumer behaviour in a variety of different contexts, and thus it provides a strong theoretical foundation for this research study. Additionally, the TAM has been used extensively in research on retail technologies, making it particularly relevant to the present study. Based on the TAM, it is expected that Zara's POS system will be associated with higher levels of customer satisfaction and customer loyalty, as well as increased sales (Marr, 2019).

3.2 Justification for the adoption of method

There are several reasons for the adoption of this methodology for this research study. Firstly, it is important to understand the perspective of both employees and customers in order to get a complete picture of the issues at hand. Additionally, case studies will provide valuable insights into how Zara's IT infrastructure has been developed and how it may be improved. Finally, the use constructivist approach of both qualitative and quantitative research methods will allow for a more comprehensive understanding of the issues under investigation.

3.3 An outline of sampling techniques and sample size

A survey will be conducted with customers and staff to validate my perspective about how the IT infrastructure model becomes in a certain way customer service issues and how it directly affects employees with job motivation. Also, case studies will also help me with reliable sources about Zara's IT infrastructure.

A total of 100 surveys will be distributed between customers and staff. The survey will ask about customer service, IT infrastructure, job motivation, and self-checkouts.

3.4 Analysis method

Qualitative and quantitative research methods will be used in this study in order to gain a comprehensive understanding of the issue at hand. A survey will be conducted with customers in order to obtain feedback on their experiences with Zara's POS system and customer service. This will provide valuable insights into the potential problems that may exist with the current system.

In addition, interviews will be conducted with employees of Zara in order to gain a better understanding of their experiences with the POS system and how it affects their job motivation. This will provide valuable insights into potential improvements that could be made to the system. Case studies will also be conducted in order to obtain a more in-depth understanding of the issue. This will involve analyzing the current POS system in place at Zara and how it compares to similar systems used by other retailers.

The data collected from the above methods will be analyzed in order to identify the main issues with Zara's POS system and customer service. Recommendations will then be made on how these issues could be addressed.

3.5 Ethical section

The ethical section of the research study on 'Zara's Point of Sales System and the

interrelationship with customer service' would need to address a few key points. First, it is important to note that this research study will be conducted through surveys and interviews with customers and employees of Zara stores. Thus, informed consent will be obtained from all participants prior to conducting any interviews or surveys. Additionally, all data collected during the course of this research study will be kept confidential and will only be used for the purposes of this research study. Finally, it is important to note that this research study is being conducted purely for academic purposes and no commercial gain will be sought from any findings.

4 CHAPTER 4 – FINDING AND DISCUSSION

4.1 Empirical findings

The online survey found that 94.4% of respondents had shopped at Zara before, and that 64.8% of those respondents agreed that the sales assistants and managers at Zara were friendly. However, 35.2% of respondents did not agree that the staff were friendly. 68.5% of respondents agreed that they felt comfortable asking for a sales assistant whenever they needed assistance, while 31.5% said they were not comfortable. When asked whether they think Zara has good management systems, 57.4% of respondents agreed, while 42.6% did not agree. Only 25.9% of respondents admitted to having ever encountered a problem while buying something from Zara and having to sort it out with a manager or sales assistant. However, the majority of respondents (74.1%) said they had not had such an encounter.

When asked about problems with payment, only 5.6% of respondents reported having had problems before, while the majority (94.4%) said they had not had problems with payment. When asked about problems with returns or exchanges, only 16.7% of respondents said they had had such problems. When asked whether they think Zara has enough money to get self-checkout systems, the majority of respondents (92.6%) agreed that the store was capable. When asked whether they would feel comfortable paying for their purchases in self-checkouts, the majority of respondents (92.6%) said they would be comfortable. When asked whether they would increase shopping with self-checkouts as an alternative to payment, 87% of respondents said they would.

Finally, when asked whether they have ever given up on the queue because it was too long, the majority of respondents (85.2%) said they had. When asked whether they think self-checkout systems are a solution for long queues, the majority of respondents (87%) said they agreed.

4.2 Analysis and discussion of findings

4.2.1 Customer service

In general, the customer service at Zara is good, with sales assistants and managers being friendly and helpful. However, there are some areas where improvement is needed, such as in the management of queues and in the handling of payment and return issues. One of the main problems that customers face when shopping at Zara is the long queues ("Zara customer relationships marketing," 2022). This is often due to the lack of self-checkout machines, which can lead to customers giving up and leaving the store without making a purchase. Another issue that can cause problems for customers is the payment process. This can be slow and cumbersome, particularly if there are multiple people in the queue. This can lead to frustration and even anger, especially if the customer is in a hurry. Finally, returns and exchanges can also be a problem for customers. This is often because the store does not have the correct size or style of clothing in stock, which can lead to delays and frustration (HH, 2017).

4.2.2 Data security

From the surveys, it is evident that Zara needs to improve its data security systems. This is because a majority of the participants in the survey have reported having problems with payment before and also because a significant number of people have given up on the queues because they were too long. If Zara improves its data security systems, it will be able to reduce the number of people who have to wait in line, and it will also be able to increase the number of people who are willing to shop at its stores.

Data security is a major concern for any business, but it is especially important for businesses like Zara that deal with sensitive customer information on a daily basis. The POS system is the primary point of contact between Zara and its customers, and as such, it is essential that

this system be secure. Unfortunately, the current POS system is running on a DOS operating system, which is no longer supported by Microsoft and is therefore considered to be insecure. This means that there is a risk that customer data could be compromised if the system were to be hacked (Gamboa et al., 2014).

There are a number of steps that Zara could take to improve data security, such as upgrading to a more secure operating system, installing security patches and updates, and training staff on how to properly use and protect the system. However, it is important to note that no system is 100% secure, and there is always a risk that data could be compromised, no matter how much security is in place ("Zara customer relationships marketing," 2022).

4.2.3 Financial performance

Financial performance is one of the most important aspects of any business and Zara is no different. The company's sales and profits have grown steadily over the years, but there have been some hiccups along the way. In recent years, Zara has faced increased competition from fast fashion rivals such as H&M and Forever 21. This has put pressure on Zara's margins and has resulted in some quarters of declining profits.

Despite these challenges, Zara is still one of the most profitable retailers in the world. In the first half of 2017, the company's sales grew by 7% to €17.2 billion. Net profits also increased by 7% to €1.3 billion. This strong financial performance is thanks to Zara's efficient supply chain and its ability to quickly respond to changes in fashion trends. Looking ahead, Zara's financial performance is likely to continue to be strong. The company is planning to open new stores in key markets such as China and India. It is also investing in new technology, such as self-checkout systems, which should help to improve efficiency and reduce queues.

Zara's financial performance is directly linked to its customer service. In fact, poor customer service can lead to a decrease in sales and, ultimately, a decrease in profits. Therefore, it is

important for Zara to ensure that its customer service is up to par in order to maintain its financial performance. One way to measure Zara's financial performance is by looking at its sales numbers. If sales are increasing, then this is a good indication that Zara is doing something right. However, if sales are decreasing, then this is a red flag that something is wrong (Scozzese, 2013).

Another way to measure Zara's financial performance is by looking at its customer satisfaction levels. If customers are happy with their experience, then they are more likely to come back and shop again. On the other hand, if customers are not happy with their experience, then they are less likely to return. Finally, another way to measure Zara's financial performance is by looking at its employee satisfaction levels. If employees are happy, then they are more likely to provide good customer service. On the other hand, if employees are not happy, then they are more likely to provide poor customer service.

Zara's financial performance is based on its ability to keep up with changing fashion trends and produce new products rapidly. The company has been successful in this regard, and as a result, its sales have grown steadily. However, Zara's customer service has been poor, and this has led to some customers giving up on the brand. In order to improve its financial performance, Zara needs to improve its customer service. In conclusion, Zara's financial performance is directly linked to its customer service. Therefore, it is important for Zara to ensure that its customer service is up to par in order to maintain its financial performance.

4.2.4 Structure Management

Based on the information gathered from the online survey and qualitative interview, it can be concluded that Zara still needs to improve its management structure in order to provide better customer service. In particular, the company needs to find ways to reduce the long queues at the point of sale, as this is one of the main complaints from customers. Additionally, Zara

needs to improve its communication and management systems so that employees can better serve customers (Agnieszka Faron, 2022).

The results of the survey and interviews conducted show that there are some areas in which Zara's management could improve in order to provide better customer service. One of the main issues that were raised was the problem of long queues in the store. Customers said that they often give up on the queue because it is too long, and that they would be more likely to shop at Zara if there was an alternative system such as self-checkout.

It is clear from the results that Zara needs to improve its management of the store in order to provide better customer service. One way to do this would be to implement a self-checkout system, which would help to reduce the queues and make it easier for customers to shop. Another way to improve customer service would be to increase the number of sales assistants in the store, so that there is more staff available to help customers with their queries. In addition, the above information highlights the need for Zara to improve its management systems. This is evident from the fact that a majority of respondents indicated that they do not think Zara has good management systems. This suggests that Zara should review its management processes in order to improve customer satisfaction (Taylor & Francis, 2022).

4.2.5 Digital Intelligence (POS Terminal System)

Digital intelligence is the ability to understand and use digital technologies for competitive advantage. In the context of this research, digital intelligence refers to the ability of the POS system to provide accurate and timely information that can be used to improve customer service. The POS system at Zara is based on a DOS operating system, which is no longer supported by Microsoft. This means that the system is not able to take advantage of new features and updates that could improve its performance. Additionally, the system is not able to connect to the internet, which limits its ability to provide real-time information to

employees.

The lack of digital intelligence of the POS system has a direct impact on customer service. For example, employees are not able to look up information about products in the system, which can lead to delays in finding the right product for the customer. Additionally, the system is not able to process returns or exchanges quickly, which can cause frustration for customers.

The POS system also has a direct impact on employee motivation. Employees are often required to work long hours, and the POS system can add to their workload by requiring them to input data manually. Additionally, the system is not able to provide employees with real-time feedback on their performance. The above information indicates that Zara's customers would appreciate the implementation of self-checkout systems in order to avoid long queues. Additionally, the majority of respondents indicated that they would be comfortable paying for their purchases using self-checkouts. These findings suggest that Zara should consider investing in self-checkout systems in order to improve customer satisfaction which can make it difficult for them to see the impact of their work (Koivulehto, 2017).

5 CHAPTER 5 - CONCLUSIONS

5.1 Conclusion

The research concludes that Zara's Point of Sales system affects customer service in a number of ways. Firstly, the long queues at the POS can be a deterrent to customers, especially if they are in a hurry. Secondly, the lack of staff at the POS can also lead to longer waiting times for customers. Finally, the lack of self-checkout systems can also lead to frustration for customers who are used to this type of system.

5.2 Limitation

There are a few limitations to this research study. Firstly, the sample size is quite small, which could limit the validity of the findings. While a total of 54 responses were collected, this may not be representative of the entire population of Zara customers. Furthermore, the study is limited to the perspective of Zara customers and does not include the perspective of Zara employees. While employees were interviewed qualitatively, their perspectives may be biased due to their personal experiences working in the store. Secondly, the study is based on customer and employee perceptions, which may not necessarily reflect the reality of the situation. The research is based on self-reported data, which may be subject to bias. Additionally, the research does not consider other factors that may affect customer satisfaction, such as product quality or price. Finally, the study is limited to one store location, which may not be representative of all Zara stores.

5.3 Recommendation

It is recommended that Zara INDITEX implements a self-checkout system in their POS terminals in order to improve customer service and reduce queues. This will require an investment in new technology, but it will pay off in the long run with increased sales and

satisfied customers. The self-checkout system should be user-friendly and easy to use, with clear instructions displayed on screen. Zara should also train their employees on how to use the self-checkout system and how to assist customers with any problems they may have (Scozzese, 2013).

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7 APPENDICES

7.1 Appendix 1 – Online Survey

1. Do you ever buy in Zara?

- ☐ Yes
- ☐ No

2. Do you think the sales assistant and managers are friendly?

- ☐ Yes
- ☐ No

3. If you ever need assistance, do you feel comfortable asking for a sales assistant?

- ☐ Yes
- ☐ No

4. Do you think Zara has good management systems?

- ☐ Yes
- ☐ No

5. Have you ever had a problem buying something from Zara and had to sort it out with a manager or sales assistant?

- ☐ Yes
- ☐ No

6. How you rate the service?

- ☐ 0
- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4

- ☐ 5

7. Have you ever had any problem with payments?

- ☐ Yes
- ☐ No

8. Have you ever had any problems with returns or exchanges?

- ☐ Yes
- ☐ No

9. How do you rate your purchase and returns in the store?

- ☐ 0
- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5

10. Considering what you know about Zara, do you think the store has enough money to get self-checkout system?

- ☐ Yes
- ☐ No

11. Would you feel comfortable paying for your purchases in self-checkouts?

- ☐ Yes
- ☐ No

12. Would you increase shopping with self-checkout as a alternative to payment?

- ☐ Yes
- ☐ No

13. Have you ever given up on the queue because it is too long?

- ☐ Yes
- ☐ No

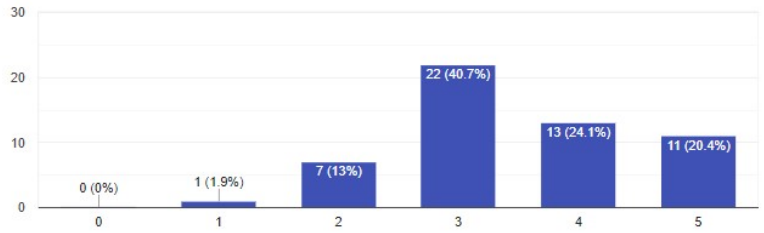
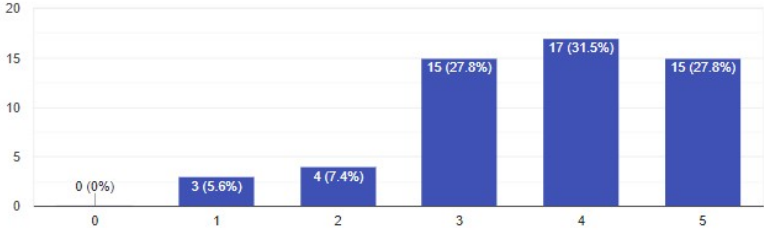
14. Do you think self-checkout system is a solution for long queues?

- ☐ Yes
- ☐ No

15. How do you rate the service at the cash desk?

- ☐ 0
- ☐ 1
- ☐ 2
- ☐ 3
- ☐ 4
- ☐ 5

7.2 Appendix – Online Survey Results Table

Online Survey Results – 54 responses																							
Point of Sales System and the Interrelationship with Customer Service																							
Q1. Do you ever buy in Zara?	YES	NO																					
	94.4%	5.6%																					
Q2. Do you think the sales assistant and managers are friendly?	YES	NO																					
	64.8%	35.2%																					
Q3. If you ever need assistance, do you feel comfortable asking for a sales assistant?	YES	NO																					
	68.5%	31.5%																					
Q4. Do you think Zara has good management systems?	YES	NO																					
	57.4%	42.6%																					
Q5. Have you ever had a problem buying something from Zara and had to sort it out with a manager or sales assistant?	YES	NO																					
	25.9%	74.1%																					
Q6. How do you rate the service?	 <table border="1"> <thead> <tr> <th>Rating</th> <th>Count</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>0</td> <td>0%</td> </tr> <tr> <td>1</td> <td>1</td> <td>1.9%</td> </tr> <tr> <td>2</td> <td>7</td> <td>13%</td> </tr> <tr> <td>3</td> <td>22</td> <td>40.7%</td> </tr> <tr> <td>4</td> <td>13</td> <td>24.1%</td> </tr> <tr> <td>5</td> <td>11</td> <td>20.4%</td> </tr> </tbody> </table>		Rating	Count	Percentage	0	0	0%	1	1	1.9%	2	7	13%	3	22	40.7%	4	13	24.1%	5	11	20.4%
Rating	Count	Percentage																					
0	0	0%																					
1	1	1.9%																					
2	7	13%																					
3	22	40.7%																					
4	13	24.1%																					
5	11	20.4%																					
Q7. Have you ever had any problems with payments?	YES	NO																					
	5.6%	94.4%																					
Q8. Have you ever had problems with returns or exchanges?	YES	NO																					
	16.7%	83.3%																					
Q9. How do you rate your purchases and returns in the store?	 <table border="1"> <thead> <tr> <th>Rating</th> <th>Count</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>0</td> <td>0%</td> </tr> <tr> <td>1</td> <td>3</td> <td>5.6%</td> </tr> <tr> <td>2</td> <td>4</td> <td>7.4%</td> </tr> <tr> <td>3</td> <td>15</td> <td>27.8%</td> </tr> <tr> <td>4</td> <td>17</td> <td>31.5%</td> </tr> <tr> <td>5</td> <td>15</td> <td>27.8%</td> </tr> </tbody> </table>		Rating	Count	Percentage	0	0	0%	1	3	5.6%	2	4	7.4%	3	15	27.8%	4	17	31.5%	5	15	27.8%
Rating	Count	Percentage																					
0	0	0%																					
1	3	5.6%																					
2	4	7.4%																					
3	15	27.8%																					
4	17	31.5%																					
5	15	27.8%																					

Q.10. Considering what you know about Zara, do you think the store has enough money to get self-checkout system?	YES	NO																					
	92.6%	7.4%																					
Q.11. Would you feel comfortable paying for your purchases in self-checkouts?	YES	NO																					
	92.6%	7.4%																					
Q.12. Would you increase shopping with self-checkouts as an alternative to payment?	YES	NO																					
	87%	13%																					
Q.13. Have you ever given up on the queue because it is too long?	YES	NO																					
	85.2%	14.8%																					
Q.14. Do you think self-checkout system is a solution for long queues?	YES	NO																					
	87%	13%																					
Q.15. How do you rate the service at the cash desk?																							
<table border="1"> <caption>Q.15. How do you rate the service at the cash desk?</caption> <thead> <tr> <th>Rating</th> <th>Count</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>1</td> <td>1.9%</td> </tr> <tr> <td>1</td> <td>3</td> <td>5.6%</td> </tr> <tr> <td>2</td> <td>5</td> <td>9.3%</td> </tr> <tr> <td>3</td> <td>21</td> <td>38.9%</td> </tr> <tr> <td>4</td> <td>15</td> <td>27.8%</td> </tr> <tr> <td>5</td> <td>9</td> <td>16.7%</td> </tr> </tbody> </table>			Rating	Count	Percentage	0	1	1.9%	1	3	5.6%	2	5	9.3%	3	21	38.9%	4	15	27.8%	5	9	16.7%
Rating	Count	Percentage																					
0	1	1.9%																					
1	3	5.6%																					
2	5	9.3%																					
3	21	38.9%																					
4	15	27.8%																					
5	9	16.7%																					