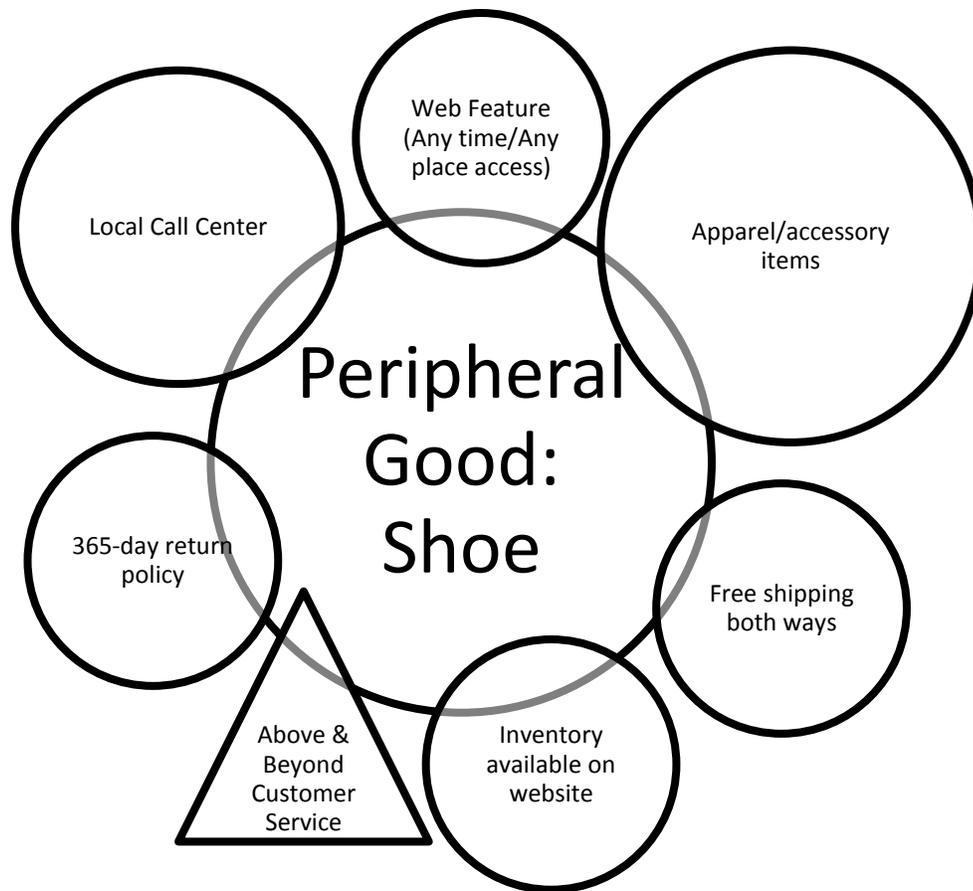


1.



Zappos clearly offers a very enticing customer benefit package that gives them a great edge over competitors. While the extreme focus and dedication to customer service is undoubtedly costly to the company, it certainly pays off in the long run. Zappos offers customer service that is essentially unheard of, by going above & beyond with actions such as sending flowers or a thank you card to let the customers know that Zappos is thinking of them and appreciates their business. They do also offer many typical benefits of a customer-oriented retailer: free shipping, 365-day return policy, web access, and a call center. Another feature you don't see every day is the use of a local call center. Most customers appreciate speaking with someone they can clearly understand when having an issue. They also share inventory information through their online store so customers know how much of an opportunity they have to make a purchase and offer other items so customers can purchase a whole outfit in one stop!

2. Zappos ranks outstanding customer service its first priority. This is a business strategy that a lot of companies don't take advantage of, but it proves to work extremely well for this company. By providing exceptional customer service, to extents that are generally unheard of, Zappos has created a very large customer base that is loyal to the company. Its customers are generally long-term customers who continue to shop at Zappos because they continue to receive great service throughout every transaction. When there is a glitch in the system and a customer calls to complain, this company takes measures that most would not to ensure its customers are impressed with the level of service provided. Most companies will allow exceptions to policies (such as Zappos allowing a customer to return worn boots) in certain situations, but it is very rare to find this level of service in which representatives mail flowers and thank you cards to show customers how much they care. Zappos labels all these extra costs marketing costs, which brings a very good point. Though it costs more money to hold a call center in the U.S. than in India, and the company loses money by sending a new pair of boots to someone for free, the amount of revenue gained through these loyal customers far exceeds those costs. These extremely satisfied customers are also bound to spread the word about their wonderful experiences with Zappos and encourage friends and family members to shop through Zappos as well. Overall, this seems to be an ingenious marketing strategy.

3. Operations managers are responsible for forecasting. This clearly applies to Zappos as the company needs to make decisions such as how much inventory to stock for each product, and how many staff members to schedule at a time in the call center. Quality management also plays a big role for Zappos. The company would not be able to survive if every customer called to complain about the quality of the item she'd purchased and was sent a free replacement. Rather it's the larger quantity of high quality items which customers are satisfied with in the first place that allows for those unusual situations to be handled so nicely for the customer. Zappos must also directly deal with supply chain management. No doubt the company has at least one, though probably several, warehouse through with product must flow in and out smoothly. Product must be received from suppliers and customer orders must be fulfilled in a timely manner. Cash flows into the company through sales revenue and out to all sorts of expenses. Information also needs to be passed along to customers such as return policies and procedures. All of these processes must be constantly managed to keep the supply chain running smoothly.