

## **How HMV stuffed up their pricing then lied to their customers (then blamed IT)**

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This is a recent example of how a UK retailer, HMV, experienced issues, either of a pricing, technical or communications nature then managed to completely mis-manage the situation and rather than fixing it actually damaged their brand more than the initial error did.

### **Intro: The scenario**

Someone (IT or otherwise – this will be important later) released a batch of console games stock onto the HMV website that was very competitively priced. It was labelled as a 'Sale' and there were several hundred items. Some of those sale items were exceptionally well priced. Some were also only available as 'Click and collect' IE you had to go get them from a local store.

Some of the pricing was very cheap, so some people may have considered that it was too good to be true. On the other hand this sort of thing is often done as a loss leader to entice people into the store. Also the very low priced items weren't triple A, IE they weren't the best titles available so it is more plausible that they were so cheaply priced.

At this point I ordered two of the more cheaply priced xbox 360 games and received a confirmation email, along with order numbers. Orders placed, now to wait until the store opened.

### **A social movement kicks into action**

One of the joys of the online social movement is that websites like <http://www.hotukdeals.com> allow people to disseminate deals quickly and efficiently. It is now a simple task to post an offer online and have hundreds of people rate it with just a simple mouse click. This means that anything that looks to be a deal, like this, gets snaffled up very quickly indeed.

A naturally forming group aligns itself with the deal and the number of people just expands as more and more people tweet or share it to their social circle. Soon the deal has been absorbed by far larger numbers of people than would naturally be able to gain visibility of it.







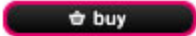
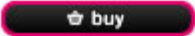
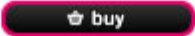
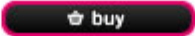
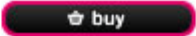
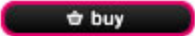
Now in some circumstances this could be a very powerful tool. Imagine if you actually used this service yourself as part of your company's strategy! You could push legitimate deals through the roof with very little marketing. As long as real users agree with you that what you are promoting is actually a deal, otherwise it's just a cost effective litmus test.

### **The problem**

The problem with this scenario started when people who had ordered any items from the sale discovered that they couldn't actually pick them up. The Hot UK deals forum soon filled up with users discussing the fact that they had gone into HMV stores with their order confirmation details and being told that HMV didn't have the stock.

I myself experienced this first hand. Only to discover, like many others, that the ordered items were right there on the shelf! Confronting a staff member about them 'not having the stock' but it actually being clearly visible on the shelf I was met with the statement 'That's not the correct stock' and I was directed to HMV's head office customer service's department.

Now as a customer what concern of mine is it if something is the 'right stock'? Being an ex-employee of HMV I know exactly what they are on about as I've had visibility of their ordering system. Head office buys in bulk and ships to each store, so each batch of items has a specific margin marked against it in their product catalogue. This is why its massively expensive to buy one copy of an obscure album from them, rather than buying 1000 copies of a very popular album. This still leaves most customers in a state of 'what makes that stock so special'. It's also when people start to get suspicious that all is not as it seems.

					
Xbox 360 Game Halo: Combat Evolved An...	Xbox 360 Game Motionsports : Adrenalin...	Xbox 360 Game Red Faction: Armageddon	Xbox 360 Game Warhammer 40000: Space ...	Xbox 360 Game You're In The Movies: So...	Xbox 360 Game Fifa: 10
Previously Played £0.01	Previously Played £0.01	Previously Played £0.01	Previously Played £0.01	Previously Played £0.98	Previously Played £2.00
free delivery	free delivery	free delivery	free delivery	free delivery	free delivery
					

### The blame game

Leaving the store without any products I called the head office customer number. I got hold of a friendly chap called 'Morgan' who explained to me that it actually wasn't anything to do with stock levels at all, but was in fact IT people editing product data and that the items on the website simply weren't that price so they had been withdrawn. This correlates with a store call I made as the store representative stated that the products in the sale had actually been suspended in the stock system.

I was amazed at the statement made by Morgan. (Here's my IT angle) Did their IT staff have direct access to edit product information? Is there no Change Control in place in HMV? What sort of relaxed ship are they running that IT staff can make changes to a live environment without any sort of business sign off?

### Conclusion

I'm not too bothered about the loss of the order. It's only a few Xbox games after all. I'm more shocked at the blatant lie that was told to me in store, while I was holding (in my hand!) the product that I was told was out of stock. It's ok to make mistakes, everyone does, but don't lie to me, I'm a customer you could show some basic respect.

My email address and mobile number were both recorded and there was a rumour amongst Hot UK deals forum users that an email had been dispatched saying that orders had been cancelled. I didn't get that email,

or receive a call from the store so again the communications machine just failed to kick in.

I wouldn't have minded a cancelled order, but the other offenses have combined to really turn me away from one of the few UK music and game high street retailers.

Also 24 hours on their website still shows items mis-priced that break when you try and add them to your shopping cart. There is a basic rule of IT, its called a 'Break-Fix' IE if it breaks then you fix it. In this case they haven't even bothered with that.