

South Tuen Mun Government Secondary School
Business, Accounting and Financial Studies
Ch7-Marketing-customer Relationship Management-revision 7.16

7.16 A large local bank:

- a) Based on the nature of services, explain if the loss in business might be due to the shortage of tellers during peak hours?

- b) Two ways to solve the problems of services being 'perishable'

- c) Comment if it appropriate that if you kept silent and did not report any customer's complaint to your supervisor?

d) Besides gathering views from your subordinates, suggest one method you may use to further ascertain the reasons for the loss of business.

e) Explain FOUR ways to recruit tellers for your branch.

7.16) A large local bank:

- a) As services are **perishable**, they cannot be stored for later use.
- ✓ The bank often finds it difficult to match its **supply** of teller services with consumer **demand**, especially when the demand fluctuates between **peak and non-peak times**.
 - ✓ During peak hours, customers need to wait a long time for services. As a result, they were dissatisfied.
 - ✓ And this may lead to the loss of business.
- b) The bank may do the following to solve the problem:
- Encourage customers to use **internet banking** so that they can use the services at their office or home.
 - **Divide the queues into two**, one for simple services and another for complicated services. This helps reduce the chance of slowdowns in the queue.
- c) No, Mary made the situation worse if she did not handle the customer complaints properly.

Customer complaints should be handled properly and **in a timely manner**. However, Mary simply ignored the complaints. Her silence and failure to report to her supervisor shows that she did not handle the complaints at all.

As a result, the bank **lost the chance to soothe dissatisfied customers** and these customers switched to other banks.

- d) I can do the following to ascertain the reasons for the loss of customers:
- Conduct **focus group discussions** with **bank customers** and collect their views on its services,
 - Conduct **surveys** with **discontinued customers** to find out the reasons why they switched to other banks.
- e) Ways to recruit tellers include:
- Posting job vacancy notices in newspapers or on recruitment websites;
 - Asking existing employees to refer candidates;
 - Posting job vacancy notices through the Labour Department;
 - Recruiting fresh graduates on campus

7.17 Movie Rental Shops

- a) It is unlikely that a computer-based system can solve all three problems.
- (i) **Problem (1)** may be due to insufficient telephone lines or staff (only one shop assistant at each shop) to answer phone calls during peak hours. The computer-based system cannot solve this problem.
- (ii) **As for problem (2)**, a computer-based system can help the shop assistant keep a more accurate and updated reservation record. This helps ensure the availability of reserved VCDs/DVDs. However, the problem may also be related to the efficiency of the courier company. If the courier company cannot deliver VCDs/DVDs from one shop to the other in a timely manner, problem (2) will persist even after the introduction of a computer-based system.
- (iii) **As for problem (3)**, a well-managed computer-based system can largely solve the problem. If this system can link the return data of the four shops together and shop assistants can also update the record shortly after customers have returned their VCDs/DVDs, it is unlikely that customers will be wrongly accused again.
- b) The computerised system should provide the following customer information:
- **Types** of VCDs/DVDs preferred
 - **Frequency** of renting VCDs/DVDs
 - The shop **where** the customer collects and returns VCDs/DVDs
 - The **time** the customer collects and returns VCDs/DVDs

With the above useful information, Thomas can **better understand the consumption patterns and preferences of each customer**. He may then **recommend** new VCDs/DVDs to customers by telephone or e-mail. Thomas may also offer some privileges to key customers (e.g., *discounts, longer loan period, etc.*). All of these can help develop and maintain customer relationships.

- c) Thomas may create financial bonds and social bonds with heavy users:
- (i) **Financial bonds:** Thomas may provide financial benefits to heavy users to **encourage repurchases**. For example, Thomas can offer *exclusive benefits (e.g., discounts, longer loan period, etc.)* to heavy users (i.e., those who rent many VCDs/DVDs per transaction or those who rent very frequently).
- (ii) **Social bonds:** Thomas may build relationships with their customers. For example, Thomas can form a movie sharing community and invite heavy users to join. This community provides heavy users with a forum for sharing their views about movies and making more friends. They would build up a social bond between heavy users and Thomas' company and social bonds among heavy users. As a result, they would develop a strong sense of belonging to Thomas' company.
- d) **Training** methods that can be used to train shop assistants include:
- **Classroom training:** Thomas can provide training in lesson format to all shop assistants on the new computerised system. It is an economical training method.
 - **Simulated training:** Shop assistants can practise using the trial version of the system. This helps shop assistants avoid mistakes when the system is in use.

7.17 Movie Rental Shops

a) Explain if ‘using a computerized system to record customer reservations (i.e., reservations and returns of VCDs or DVDs) may solve the problems of:

- 1) difficulty in getting through to the hotline during peak hours.
- 2) unavailability of the reserved VCDs or DVDs at the specified shops;
- 3) customers being mistakenly accused of late returns. Thomas is now thinking of how to deal with these problems.

b) The types of customers’ information should have in order to better manage CRM.

c) Suggest TWO things to **create strong bonds** with **heavy users** of his rental services.

d) TWO training methods for shop assistants if a computerized system is used to handle customer reservations.

7.18 International financial institution

a) Explain the decision of opening a café inside the subsidiary with respect to customer loyalty.

b) **Customer's lifetime value** and how it helps the company identify the key customers.

c) Two ways to solve the problem of **over-crowding** during office hours.

d) Reasons why it is important to handle customers' complaints effectively:

e) Ways to evaluate the performance of the following staff:

i) Financial planners:

ii) Waiters at the café

7.18 International financial institution

- a) Mandy may want to **offer an add-on service** to her customers.
- ✓ This helps enhance customer satisfaction and loyalty.
 - ✓ This also differentiates the company's financial services from its competitors.
- b) Customer lifetime value refers to the value of all the purchases that a customer would make at the company over a lifetime of patronage.
- ✓ With the estimated customer lifetime values of different groups of customers, Mandy can find the total amount of revenue contributed by each of these customers over a lifetime of patronage. She can then decide on the amount of resources the subsidiary should spend on them.
 - ✓ As the complaining **key** customers have much **higher customer lifetime values** than those of retiring customers (i.e., HK\$50,000), Mandy may give priority, or exclusive rights, to the former to use the café's services during peak times.
- c) Mandy may do the following to solve the problem:
- Charge for the coffee and tea at the café during office hours instead of providing it for free
 - Limit the time each customer is allowed to stay at the café
 - Expand the café areas so that more customers can be served
- d) If Mandy can effectively handle the complaints, especially the complaints of key customers, she can restore customer confidence and loyalty. They may even invest more in the future.

If their complaints are handled poorly, these customers would be more dissatisfied and stop patronising the financial institution. They may even produce negative word of mouth in their social circles. This would prevent Mandy from acquiring potential customers.

- ei) Mandy may evaluate financial planners by the number of complaints against them. If the financial planner receives very few complaints, he will be evaluated positively.
- eii) Mandy may evaluate waiters by collecting feedback from customers at the café. She may ask customers if they are satisfied with the waiter's services.

7.19 Large private housing estate

- a With the CRM system, the clubhouse can **tailor its promotional messages** to members. It can communicate with individual members continuously **via the internet, emails or direct calls**. This helps it **develop long-term relationships with members**.

The system can also provide channels for members to **forward their comments and lodge complaints**. This helps the clubhouse **spot operational problems and take remedial actions on a timely basis**.

- b The system provides the clubhouse with **an accurate and efficient reservation system**. This enables its members to **reserve facilities online conveniently and avoids disputes** with other members due to double-booking.

- ✓ This will eventually *create a unique competitive advantage* for the clubhouse and **enhance** members' *satisfaction and loyalty* to the clubhouse.
- ✓ If the clubhouse *has more loyal customers*, it can **achieve higher sales**. As a result, it will enjoy higher customer equity which equals the total combined customer lifetime values of all a company's customers.

- c Tai Man may deal with the complaints in the following ways:

- **Meet** with the complaining members and **apologise** to them. In addition, he should **explain** the cause for the double-booking problem.
- **Refund** the fee to the affected members if they have already paid it. He may also **waive** their fees for their next booking.

- d The two **job posting methods** are:

- The clubhouse may **post the job vacancy notice** on its website or in the private housing estate. This job posting **cost is lower** than that for recruitment websites.
- The clubhouse may **ask existing employees to refer candidates**. The referred candidates are more likely to be **suitable** for the post.

- e The two selection methods include:

- The clubhouse may **test candidates' physical abilities** to screen candidates because a fitness trainer should be able to fulfill physical requirements and operate various fitness equipment.
- The clubhouse may select candidates **based on their qualifications** such as having a fitness trainer's license and his relevant working experience. The licence is proof of the fitness trainer's ability and shows that the candidate can safely train members.

7.19 Large private housing estate

a) How a computer-based CRM system enhance communications:

b) How a CRM system allows online reservation of facilities to create more value:

c) Ways to deal with complaints from members:

d) Two job posting methods:

e) Two selection methods:

7.20 Small supermarket stores

a) Partner relationship management is:

b) Functions of partner relationship management:

c) Functions of 'a club membership scheme':

d) e-promotion:

e) Source of financing:

i) Opening a new outlet:

ii) Purchasing a brand of chocolate for resale:

f) Accounting ratios to evaluate the efficiency the supermarket are utilizing their assets:

7.20 Small supermarket stores

7.20 a **Partner relationship management** means that a marketer **works closely** with people inside and **outside** the company to jointly bring greater value to customers.

- b If Eddie can do a good job in partner relationship management, he will be able to work closely with the **merchandisers** at the company to search for good suppliers (those supplying quality items at reasonable costs).

Externally, Eddie should **maintain a good relationship with his suppliers** (e.g., wholesalers and manufacturers). This helps maintain a stable supply of good bargain items over time to sustain the stores' 'value-for-money' position.

- c **Financial bonds:** Eddie can provide financial benefits (e.g., discounts, coupons) to frequent buyers at the stores to further encourage repurchases.

Social bonds: Eddie can maintain more frequent communications with members via e-newsletters or other communication means. He may also consider arranging activities (e.g., cooking lessons) for members. All these can cultivate a rapport between the stores and their customers.

- d Although these housewives may not be **frequent Internet users** at home, most of them are expected to have a **smartphone**. As such, they are also used to browsing the internet with their smartphones.

Eddie may consider **developing a mobile-optimised website or mobile applications** for **promotion**.

- e i To finance the opening of a new outlet, Eddie may **borrow from banks** as a relatively large amount of capital is required.
- ii To finance the purchase of a brand of chocolate, Eddie may consider **obtaining trade credit** from suppliers and paying at the end of the credit period.

f The accounting ratios that Eddie can use include:

- Inventory turnover: This ratio measures the efficiency of the supermarket in using its inventory.
- Total asset turnover: This ratio measures how efficiently current and non-current assets are being used to generate sales.
- Trade payables turnover: This ratio measures the supermarket's efficiency in paying off its suppliers.
- Trade receivables turnover: This ratio measures the supermarket's efficiency in collecting debts from its customers.