

ADVANCED SUBSIDIARY GCE
APPLIED BUSINESS
Unit 4: The Impact of Customer Service

F243/CS

CASE STUDY

Monday 18 May 2009
Morning

Duration: 1 hour 30 minutes



INSTRUCTIONS TO CANDIDATES

- This is a clean copy of the Case Study which you should already have seen.
- You should refer to it when answering the examination questions which are printed in a separate booklet.
- You may **not** take your previous copy of the case study into the examination.
- You may **not** take notes into the examination.

INFORMATION FOR CANDIDATES

- This document consists of **8** pages. Any blank pages are indicated.

Belinda's Bikes

Starting the Business

Belinda Smith is the owner of *Belinda's Bikes*, a cycle hire business in the busy seaside town of Wadestow. She has always been a keen cyclist and, after visiting Wadestow in 1999 with her husband, noticed that there was nowhere in the town from which to hire bikes and saw a gap in the market. She always felt that the best way to 'discover' an area was by bike, and with such beautiful surroundings Wadestow was an ideal place to set up. 5

After starting out from a shed on the quay, she now owns a large warehouse opposite the harbour and has over 80 bikes for hire, from standard mountain bikes to tandems and children's tricycles. She charges between £10 and £20 per day depending on the bike, with helmets for hire at £3 per day. Each adult bike is provided with a back pannier containing a lock, pump and a puncture repair kit. Advance booking is possible by telephone (although this service is seldom used) and full payment, plus some form of photo identification is required as a deposit whilst the bikes are on hire. There is also a small shop on site selling tea, coffee, fizzy drinks, chocolate and sandwiches made at home by her husband. Her busiest time is from Easter to the August Bank Holiday, although business can still be brisk in the winter months, depending on the weather. 10
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For the first couple of years, Belinda ran the business by herself but now employs three other people, Joe, Tara and Kevin. They do the majority of the work for her, whilst she concentrates on the administrative side, working in a small office in the corner of the warehouse. Belinda advertises her business on the local tourist board website, in a specialist cycling magazine twice a year and in flyers distributed to all the hotels in Wadestow. Approximately 70% of customers of *Belinda's Bikes* are from the UK, 15% are from the rest of the EU and the remainder are from further afield. The business is particularly popular with families with small children because of the range of bikes on offer. 20

A Poor Start to the Season 25

Belinda's Bikes was having a bad start to the season. Thunderstorms at Easter (one of the most profitable times of the year) meant that many holidaymakers had stayed away and consequently Belinda was struggling to cover costs. She knew that she would have to increase customer numbers fast if the current season was not to be a complete disaster. She had also heard on the town grapevine that the biggest hotel in Wadestow, The Royal, was soon to offer its own cycle hire facilities to its residents – for free! A lot of Belinda's business came from guests at The Royal, particularly from international visitors, and she was worried. Over a coffee break one morning in April, she explained her concerns to her three members of staff. She asked them if they had any ideas about how to increase revenue and counteract any loss of profits due to The Royal's imminent scheme. "We need to be providing excellent customer service, regardless of price," she told them. "What can we do differently?" 30
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Longer Rental Period

"How about offering weekly, or even monthly, cycle rental?", suggested Tara. "I know it annoys a lot of people to have to return their bike at the end of the day. Why not let them hire for longer so they can explore the countryside a bit more?". Belinda nodded. "I think that's a good idea, Tara, but I can see a lot of drawbacks. However, I'm sure it's possible to work around them." She noted it down. "Have you any ideas, Joe?" 40

Guided Tours

“Well”, said Joe, “it annoys me that tourists come to Wadestow and they just stick to the main roads and never see the area properly. I’ve lived round here all my life and could give guided cycling tours along the estuary and into the woods, showing them all the exciting bits. They would have to be fast pedallers though – I wouldn’t take anyone slow.” Again, Belinda wrote this down. “It would take some planning but you know the area better than anyone and would be a great guide,” she said. “The Royal certainly wouldn’t be offering that!” 45

Repairs and Maintenance

She looked across at Kevin, the oldest and most experienced cyclist. He had worked with the British Mountain Bike team after leaving university and was an expert on cycle maintenance. “What do you think *Belinda’s Bikes* needs, Kevin?” 50

“Instead of concentrating on people who want to hire bikes, who – let’s face it – we may only see once a year,” he said, “how about targeting a completely different group of people, such as the people round here who have their own bikes?” Belinda looked confused, but Kevin continued. “We could offer a repairs and maintenance service. I’m always having to fix the bikes here anyway, so a little extra work wouldn’t hurt. I get a bit bored dealing with tourists everyday – I find them really annoying. We could really build up customer loyalty amongst the local cycling groups.” Belinda smiled and wrote it down. “That definitely sounds feasible,” she said, shutting her notebook. All three of the ideas put forward had potential. “Right then, I’ll take these away and put together some sort of plan over the next week regarding possible implementation. In the meantime, let’s get back to work.” 55 60

Staff Arguments

However, the next day Belinda had more things to worry about. Joe and Kevin had a blazing row – not their first – over mudguards, right in front of a family of five who were trying to hire cycles for a leisurely tour along the coast. Before Belinda could intervene, the family promptly disappeared without hiring anything. She was livid and hauled both of them into her office for a talking to. However, neither of them was backing down. “I don’t know why you employ that idiot”, shouted Kevin, indicating to Joe. “He’s losing you customers left, right and centre. Last week he laughed in the face of a little boy who asked for stabilisers on his bike and, when the mother complained, he told her that she shouldn’t have such an incompetent son. What do you think of that?” Belinda was shocked. “Joe, is that true?”, she asked. Joe shrugged. “If people can’t ride a bike properly, what’s the point of them hiring one? Anyway, Kevin’s hardly perfect. He’s the one who’s supposed to inspect the bikes before they are allowed to be hired out. Only yesterday he let a German couple go out on a tandem with buckled wheels and dodgy saddles because he was too busy pumping up tyres to do the proper checks. And,” he continued, warming to his theme, “when they brought it back, it took him an hour to find where he’d put their identification as deposit. They were really angry”. 65 70 75

Talking It Over

Belinda couldn’t believe what she was hearing and asked them both to leave whilst she digested all the information. It sounded like the bad weather at Easter was not the only thing responsible for the drop in customer numbers. She had no idea that her staff were behaving so badly! Maybe her relaxed attitude to running the business was not the right way to do it. She asked Tara to come and see her and told her about what Kevin and Joe had just said. “Has it always been this way?” she asked. 80 85

Tara nodded. “They’ve never really got on, but it’s starting to affect their work more and more. Kevin won’t let anyone else do any cycle maintenance because he says he’s the best at it. That really annoys Joe and, to be honest, it’s not any good when Kevin’s off because neither Joe nor

I really know how to maintain a bike properly. So we end up giving out bikes that quite possibly could be dangerous.” Belinda nodded. In her notebook she made a note regarding possible staff training. “I’ll have a word with Kevin about this”, she said. “In the meantime, is there anything else you think we could improve upon?” 90

No Consistency

“Well”, said Tara, “I think our main problem at the moment is that we’re just not consistent. On one day a customer may get excellent customer service from us and the next day they may get practically ignored, depending on what else is going on at the time. All three of us deal with the customers in entirely different ways so, depending on who they see and what their requirements are, each customer is getting a completely different experience.” 95

Code of Practice

Belinda thanked Tara for her opinions and let her get back to work. Obviously Belinda had some sorting out to do; if her staff were not providing a good experience for the customer, then it could spell the end for *Belinda’s Bikes*. What was needed, she felt, was some sort of code of practice for the business. At her desk she quickly created a draft (**see Fig. 1**), her intention being to get it formally drawn up and displayed both on the premises and in all future advertising literature. She was taking a bit of a gamble but felt it was important to show customers she was taking their needs seriously. Of course, she only had the opinions of her staff regarding what was going wrong with the business. How did her customers feel about *Belinda’s Bikes*? Maybe she could get the staff to casually ask them, face to face, when they returned their bikes after hire. Overall, implementing any of the ideas which Tara, Joe and Kevin had come up with the day before were now becoming less of a priority; it seemed that *Belinda’s Bikes* needed to get back to basics. 100
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Draft Code of Practice

Here at Belinda's Bikes we want to provide the best possible customer service we can. We guarantee that:

- all our bikes are less than three years old;
- every bike hired from us is safe and roadworthy;
- all our bikes are checked before usage for any defects and are maintained on a regular basis;
- you will be provided with a lock and panniers for every bike you hire;
- we will always have bike helmets available for you to hire;
- the bikes we provide are suitable for both roadwork and all off-road terrain;
- you will be offered the most suitable bike for you and your requirements.

If you are not happy with the service received from Belinda's Bikes, please see the Manager, Belinda Smith, as soon as possible for a full refund.

Fig. 1

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