

Tuesday 4 June 2013 – Morning

AS GCE APPLIED BUSINESS

F243/01/CS The Impact of Customer Service

CASE STUDY

Duration: 1 hour 30 minutes



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Chill Zone

Background

Chill Zone is a combined tenpin bowling alley, pool hall, café and gaming zone. The business, which attracts mainly older teenagers, was opened by Aamina in 2005. The business had grown in popularity during the following six years and now there are two pool teams and one bowling team which regularly use *Chill Zone*. However, since the start of 2012 income has fallen with the business now starting to make a trading loss. One of the reasons for this is that fewer people in their 20's and 30's are using *Chill Zone* as a place of entertainment. Another reason is that, even though there are more teenagers visiting, they are spending less money. 5

Moving Forward

Aamina has always been able to employ trained staff who are very motivated and customer friendly and there are always enough staff to deal with bookings and problems. The levels of customer service at *Chill Zone* have been high with staff having a very good understanding of how to make minor repairs to the machinery, so that bowling games are not interrupted for too long. More serious repairs are done by a specialist engineer, but this takes time and is expensive. 10

Aamina thought the high levels of customer service were due, in part, to *Chill Zone's* code of practice of which all staff are aware. Copies of the code of practice are also displayed for customers to view. 15

One of *Chill Zone's* staff, Sam, acts as a deputy manager when Aamina is not on duty. Both Aamina and Sam offer advice and support to customers. Sam has noticed that although customer numbers are relatively constant, revenue is decreasing. This could be due to people having less disposable income to spend on entertainment. 20

During Sam's previous weekly meeting with Aamina they had discussed how they could stop revenue falling and prevent the business losing money. Aamina said she was happy to invest some of her savings but only if this money was used to meet the needs of current and potential customers. They also discussed the possibility of producing a monthly newsletter or changing *Chill Zone's* pricing strategy. 25

In addition, Sam suggested setting up a loyalty card scheme or creating a website. However, Sam thought it would be a good idea to carry out some research first. Aamina agreed and said that she thought the idea of a loyalty card scheme might work. She asked Sam to go away and think about this more and to send her a brief note with his suggestions.

The Next Meeting

At the next meeting Sam said he had finished writing his notes and passed them to Aamina (see **Appendix A**). Sam asked Aamina to look at his suggestion for a newsletter in some depth as this would mean collecting personal details from customers. Sam also brought to Aamina's attention a problem he had identified. When he was doing one of his daily checks he noticed that there was an electrical wire sticking out of one of the racing car games which he thought might be a breach of the Health and Safety at Work Act. He had reported this to the specialist contractor a few days ago but still nothing had been done. Mindful of the danger, Aamina said she would deal with the problem. The last thing she wanted was for a customer to complain to the authorities. 30 35

Aamina's Decisions

Aamina was still undecided whether to invest more money into *Chill Zone*. She felt that she did not have enough information. She was also unsure about how her competitors were doing as they seem to have a competitive advantage and are able to attract a wider age range of customers. As a start, she asked Sam if he could get the staff to start talking to the customers about *Chill Zone* and about what they would like to see improved or introduced. Sam agreed to do this, but he suggested that more people than just existing customers needed to be consulted. 40

In the meantime, Aamina would spend some time thinking about the future of *Chill Zone*. She wanted to stop losing money and start investing so that the business could expand. She had hoped to move the business to larger premises so that more bowling lanes could be installed. She realised, however, that these plans would have to be put on hold until, the declining trend in customer numbers and revenue has been reversed and started to increase. 45

Appendix A

Sam's Notes

Loyalty Card Scheme

- Free game
 - Customers receive a free game after every six bookings
- Discounts
 - Customers receive a 10% discount for life after ten bookings

Monthly Newsletter

- Send out monthly by post and email
- Leave copies in *Chill Zone*
- Hand a copy to customers when they pay
- To include special offers

Problems

- Customers would have to give personal information
- Staff need to remember to ask customers for feedback
- Customer retention rate is low

Pricing Strategies

- Discounts on certain days of the week
- Discounts for families and groups
- Buy one get one free offers



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