

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS**

**Advanced Subsidiary GCE**

**APPLIED BUSINESS**

**F243/CS**

UNIT 4: The Impact of Customer Service

CASE STUDY

**PRE-RELEASE MATERIAL FOR JUNE 2006 EXAMINATION**

To be opened on receipt.

#### **INSTRUCTIONS TO TEACHERS**

- This case study **must** be opened and given to candidates on receipt.

#### **INFORMATION FOR CANDIDATES**

- You **must** make yourself familiar with the case study before you take the question paper.
- You **must not** take notes into the examination.
- A clean copy of the case study will be given to you with the question paper.

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**This case study consists of 7 printed pages and 1 blank page.**

## Frank's Books

### Our Promise

To uniquely know, connect, and relate to our customers and fulfil their needs.

*Borders website*

### The Bookshop

Patricia Morris is the owner of Frank's Books, a small bookshop in the centre of a market town. The shop had been in existence for over 60 years and had been passed down the generations from her grandfather. Although Patricia had spent 30 years as a primary school teacher, she gave up her career in education five years ago to take over the family business from her father, Henry, who was retiring. 5

Although the town itself had changed considerably since the bookshop opened, Frank's Books had always done well and had developed a wide customer base. Various types of people used the bookshop depending on the time of day, week or year. The main customers were families with young children who came in to choose books after school and on Saturdays. During term time the shop was popular with students from the local university who were inclined to buy their textbooks from the shop. The older generation tended to browse the non-fiction specialist books on history or gardening. Sales of fiction books increased in the run up to Christmas as people visited the shop to buy their Christmas presents. The months of April and May tended to attract GCSE and GCE students searching for study guides. 10 15

Although the shop was doing reasonably well, the book market had changed quite a lot over the last 10 years and not all of it had been beneficial to Frank's Books. The ending of The Net Book Agreement in 1995 had abolished minimum prices for hardbacks and paperbacks, allowing individual retailers to set their own prices for the books they sold. The advent of Internet selling had also affected the shop, as had the local supermarket offering best selling fiction at extremely low prices. 20 25

### A Competitor

Patricia's main issue, however, was with the new three-storey bookshop, part of a national chain that had opened on the other side of the town at the end of 2004. Not only was it able to offer books at significant discounts but it had made buying a book from it more of an overall 'experience' – there were sofas, tables and chairs allowing readers to sit and browse the books before purchase. There was also a coffee shop planned to open in 2007 on the top floor. By the end of 2005, the number of people who purchased adult fiction at Frank's Books had dropped considerably – Patricia could only presume they had gone to the new store. 30

Patricia knew she had no way of competing on a direct level with this store – even if she had the resources, there was no way she was going to drop her prices dramatically and install a coffee shop in Frank's Books – the building was far too old for any major alterations to be made. Throughout the history of the shop her family had prided themselves on their customer service. Patricia's father, in particular, knew a lot of customers by name and would place special orders for books that he thought they would enjoy. Patricia was keen to continue this tradition as she also believed the customer came first, but was also aware that the shop needed to adapt to 21st century customer needs. 35 40

## Specialisation

Patricia wondered how she could adapt the shop. She was concerned that very soon her regular customers might feel that the new chain store could offer more to them than Frank's Books ever could. Browsing the Internet one evening after work, she came across an article (**Fig. 1**). The article extolled the virtues of specialisation, particularly for the smaller, independent bookseller. Patricia reckoned that this could be the way forward for Frank's Books. It seemed to sell more children's books than anything else and a lot of parents asked Patricia for advice about what to buy for their children. As a former primary school teacher, Patricia seemed instinctively to know what children wanted to read. She realised that children's books was a niche market that Frank's Books could exploit and Patricia felt that the shop had a good enough reputation as a stockist of books for children to concentrate on fiction and educational books right up until the age of 16.

## Customer Service Policy

Of course, this could not be her only change. The large book chain store also stocked children's books and so she knew that she needed to encourage new customers, as well as keep old ones, if the new venture was to be a success. Frank's Books needed to be sold to parents and children as the **only** place to buy children's books in the town – so it could not just be the product she was offering. She knew that the whole service needed to be perfect for families and children from the minute they entered the shop to the after-sales provision. Frank's Books was a small shop but she needed to think like one of the major stores – how do they make sure the customer is provided for? Patricia investigated a few of her rivals' methods of customer service and all of them had some form of customer service charter or policy. She was particularly interested in the customer service policy of the large book store in town, her closest competitor (**Fig. 2**). Frank's Books had never really had a customer service policy before, but Patricia felt it was vital if the bookshop was to make sure the customer was at the heart of everything. She also felt the policy should be available on the wall of the shop so that customers could see it and know where they stood.

## Loyalty Card

Patricia wanted to encourage repeat business at the shop – a loyalty card scheme appeared to be a good idea. Less complicated than the card she used weekly in her local supermarket, this would simply be a small piece of card that would be stamped every time a customer bought £10 worth of goods. Once the customer had accumulated £100 or over on purchases, they would be rewarded by being given a £10 book voucher to spend in the shop. To apply for a loyalty card, customers needed to fill in personal details such as name and address and Patricia thought she could use this information to her advantage. As she felt it important to keep in regular contact with her customers, she decided to create a newsletter that would be posted to loyalty card holders twice a year. It was a very simple design, and, due to the number of copies Patricia produced and financial constraints, was not of the best quality. However, at least it informed customers of any new books or deals that were coming up in the next six months.

## **Book Signings**

The final change that Patricia decided to make was to contact the publishers of some of the books that she sold in the shop and enquire whether the authors could visit the shop to talk about their books and do some book signings. Patricia had a good response as many authors wished to support the independent bookseller, as well as getting some free publicity for their books! On these book signing days, Patricia kept Frank's Books open slightly later than usual to enable parents and children to meet the authors after school, thus maximising purchase time. 90

## **Implementation**

After a week of shutting the shop for refurbishment purposes, Frank's Books re-opened in February 2006 to a blaze of local publicity. The whole shop was transformed; everywhere on the walls were paintings of children's characters from literary fiction past and present, the shelves were low, there was a small seating area for adults to browse the books and bean bags for children to sit on whilst reading. The whole shop had been made safe for children with no sharp corners or steep steps. 100

In the months since re-opening, sales are up by 10% and the shop seems a lot busier most weeks than it was before. However, it is early days and Patricia still worries whether she has done the right thing by changing the focus of the shop. 105

## Specialisation

It has never been tougher to be an independent general bookseller. Customer expectations are high, competition tough and margins tight. Competing against chain and supermarket rivals on discount is impossible. Independents need to be creative if they are to hold their ground against the biggest players on the high street.

One way in which they have fought back is by specialising. Specialisation offers savvy retailers the opportunity to supply titles the chains cannot stock and to build a reputation for quality, expert service and range.

But the market is no pushover for specialists. Many have closed – overwhelmed by the reach of the Internet or because they catered for a niche too small to sustain them. Yet many not only survive, but thrive and have created solid reputations that have spread around the world. Could specialisation be the key to survival?

## Product Perfect

“Passion is an absolute necessity if you specialise,” says Sarah Parker of White Elephant Books. Although White Elephant is a general bookseller, it has built up a strong reputation for science fiction and children’s bookselling which draws customers from across the region.

These customers, says Parker, expect a high level of product knowledge from their booksellers. “They feel encouraged and confident about shopping with you if their knowledge is reflected back at them by the person behind the counter.” For White Elephant, specialising was one way of competing against national high street chains, which are able to offer bestsellers at deep discounts. “We don’t have to sell the deeply discounted books on offer in the chains,” Parker explains. “But we can sell, in substantial quantities, imported hardback sci fi novels that can’t be found elsewhere.”

For successful specialists perhaps the hardest part is balancing a passion for the product with bookselling savvy, as Lisa Mitchell, proprietor of Mitchell’s Books, points out. “Staffing is an issue for specialists, because you need people with bookselling skills and in-depth knowledge. It is not enough to be a good bookseller. That is a bit of a challenge when recruiting, so we tend to find most of our staff amongst our customers,” she says.

Mitchell’s customers are not just looking for recipe books: they range from serious foodies to food technicians and require anything from colouring guides to exotic cuisine. “It isn’t enough to be passionate about books, our booksellers have to be passionate about the subject too, and be able to answer all sorts of obscure questions.” The emphasis on product knowledge is vital for specialists, not least because many customers turn to them when disappointed by general bookshops. It does mean that booksellers have to be more proactive and seek out the unusual titles and publishers that customers expect to be able to find there and not elsewhere.

*Source: Adapted from thebookseller.com*

**Fig. 1**

**Frank's Books main competitor – Customer Service Policy**

Our company's customers are of the utmost importance. We:

- will always be honest and fair with our customers.
- will provide a high quality and standard of service.
- will offer a range of products that give value for money to our customers.
- will treat all our customer complaints seriously and provide a readily accessible source of advice and guidance.

**Fig. 2**



