

ADVANCED SUBSIDIARY GCE

APPLIED BUSINESS

The Impact of Customer Service

F243/CS

PRE-RELEASE CASE STUDY

To be opened on receipt

JUNE 2011



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 sit the examination.
- You **must not** take notes into the examination.
- A clean copy of the case study will be given to you with the question paper.
- This document consists of **4** pages. Any blank pages are indicated.

Go Rentals (Birmingham)

Background

Go Rentals (Birmingham) is a successful car rental business which is part of a national franchise operation. The franchise network has developed over the last 15 years through the dedication, commitment and drive of the franchisors and the franchisees. Even though the franchises operate and are managed in very similar ways, they do have some scope to develop their own ideas – dependent on local demand. 5

The Products

Go Rentals (Birmingham) offers customers a range of vehicles which meet the needs of local businesses and private customers. Within its range of cars it has small cars such as the Peugeot 207, medium cars such as the Ford Focus and larger cars such as the Vauxhall Vectra. 10
All cars are less than three years old. *Go Rentals (Birmingham)* also supplies commercial vehicles such as the Ford Transit van. Again, these vehicles are all less than three years old.

The Standards

The vehicle rental market is very competitive and it is, therefore, an important part of franchise network's business model that the levels of customer service are maintained to a high standard. 15
Two examples of this are the requirement to display a copy of the customer service policy (**see Appendix 1**) in the customer reception area at all *Go Rentals'* sites and that all vehicles must be less than four years old. However, as this is the responsibility of each franchisee, there is no consistency with the levels of customer service across the network. *Go Rentals (Birmingham)* has been recognised as providing very high levels of customer service which has helped it to 20
grow and become one of the flagship franchises within the network. In order to ensure its high standards are maintained, *Go Rentals (Birmingham)* frequently assesses its level of customer service.

As a flagship franchise, *Go Rentals (Birmingham)* is given extra support from the franchisors to develop new initiatives. Last year it was the first franchise to gain a rating of 95% customer satisfaction in the customer feedback which the local management collected and its customer retention numbers were excellent. This meant that *Go Rentals (Birmingham)* has been asked 25
by the franchisors to pilot a new online booking system. The franchisors have recognised that more and more of its competitors are now offering this service and would like to see if it would improve sales and profit. 30

The Team

Each *Go Rentals'* franchise has, as a minimum, a site manager, an assistant manager, two receptionists/booking clerks, two vehicle mechanics (a specialist in cars and a specialist in commercial vehicles) and two part-time cleaners.

Go Rentals (Birmingham) is a larger-than-average franchise. In addition to the site manager, Emma, it actually has two assistant managers, Jenny and Mark. This ensures that there will always be a manager available on site at all times when the business is open. Each assistant manager has additional responsibilities. Mark is responsible for sending out a monthly newsletter to existing and potential customers. This means that he has to collect lots of interesting information to put in the newsletter, as well as information on special offers or new vehicles. Jenny, who has 40
a marketing degree, has recently been recruited and is responsible for developing new business through innovative ideas and projects. At the moment, she is working towards developing the online booking system but is keen to try out two fresh ideas which she thinks will benefit *Go Rentals (Birmingham)*. The first is to introduce a customer loyalty scheme. The second would be to introduce a range of prestige cars (such as BMW or Mercedes). 45

Emma thinks that the customer loyalty scheme is a very good idea and has asked Jenny to put together some suggestions as to how this might work (see **Appendix 2**).

As *Go Rentals (Birmingham)* has over 50 vehicles in its fleet, it also employs a fleet manager to oversee the maintenance of the vehicles and to supervise the vehicle cleaner. The fleet manager has suggested that *Go Rentals (Birmingham)* considers offering service facilities to the wider public in order to generate more income. He also thinks that the two part-time cleaners could be made full-time and that *Go Rentals (Birmingham)* could offer a car valeting service to the general public. At the moment the two part-time cleaners are employed from 2pm until 8pm – working alternate three and four day weeks. They are responsible for making sure that all the vehicles due to be collected the following day are clean and tidy and are inspected so that any visual damage is noted. 50 55

The Customers

Go Rentals (Birmingham) targets two market segments: local businesses and private individuals. When *Go Rentals (Birmingham)* was first set up most of its business came from private individuals who were responsible for an average of 78% of all vehicle rentals. However, over the last three years, more and more businesses are using *Go Rentals (Birmingham)*. This segment now accounts for 40% of all *Go Rentals (Birmingham)*'s sales. The biggest increase in this segment has not been in the rental of commercial vehicles but in the rental of larger cars. All of the management team consider that this is an aspect which could be further developed. 60

The Problems

Although business is going well for *Go Rentals (Birmingham)*, there are a number of problems which it faces. As the size of the vehicle fleet has grown, the space which was used for customers to park their cars has been reduced because it is now being used as a storage area for the vehicles waiting to be cleaned and serviced. On one recent occasion a customer was nearly hit by a car as one of the mechanics was reversing it into the service bay. 65 70

Mark has noticed that both business and private customers are sometimes asking if *Go Rentals (Birmingham)* could provide more luxurious, prestige cars. Mark has mentioned this trend to Jenny to support her suggestion.

Currently all bookings are taken over the telephone or in person and are recorded manually. There is a planning board on display in the booking office showing the availability of each vehicle. Sometimes, especially during busy periods, this is not updated quickly enough. 75

Mark has also noticed that a lot of businesses are requesting that vehicles are delivered to their premises, a service which *Go Rentals (Birmingham)* does not currently offer.

The Future

The future for *Go Rentals (Birmingham)* is bright. There is a lot of potential for growth but there are also a few problems to overcome. As new initiatives are introduced, *Go Rentals (Birmingham)* is in a position to be recognised even more by the franchisors for the team's efforts in developing the franchise and increasing its customer base. 80

Appendix 1

Go Rentals (Birmingham)

Customer Service Policy

All vehicles are:

- a. fully insured, taxed and roadworthy;
- b. cleaned and checked for visual damage before collection;
- c. covered by roadside assistance in the event of breakdown or accident.

Our customers will:

- a. be treated with respect;
- b. be dealt with promptly and in a courteous manner;
- c. have their personal details stored securely;
- d. be able to insist that their personal details are removed from our database at the end of each period of rental.

Appendix 2

Suggestions for the loyalty scheme

1. After six rentals customers can choose one of the following:
 - a. a free upgrade on their next three rentals;
 - b. a discount of 15% on their next six rentals;
 - c. a free 24 hour rental of a small car.
2. After another six rentals a customer can choose:
 - a. a free weekend rental of a small car;
 - b. a free 24 hour rental of a larger car;
 - c. a discount of 10% on their next 12 rentals.



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