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Investigating Customer Service Levels to achieve Competitive Advantage in the SME Home Entertainment Rental Industry.

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Alex Maritz,
Senior Lecturer,
Unitec Institute of Technology
Private Bag 92925, Auckland, New Zealand
Tel: +64 09 815 4321;
E-mail: amaritz@unitec.ac.nz ;
Web Site: www.unitec.ac.nz

Introduction

All too often, marketers of homogenous products fail to identify their competitive advantage, resulting in dismal results. Similarly, SME participants find it difficult to identify such competitive advantages. Fortunately, the Franchise Model facilitates the notion of 'being in business for yourself, but not on your own'. The reason for this case is to facilitate competitive advantage within a Home Entertainment SME Franchise environment, enabling participants to successfully compete with the corporate environment. The outcome is to identify and implement Service Profit Chain (Heskett *et al*, 1997) initiatives, linking customer service to long term profitability and growth.

The home video industry is a product of technology. Prior to the introduction of the home VCR in 1976, there was no way to watch movies at home, except as shown on broadcast television, and no one had thought of a retail store where movies could be rented for the night. In the course of the past quarter-century, those VCR's and those video rental stores became the foundation for a US\$ 17 billion industry.

This study researches the Home Entertainment Video Rental industry, consisting predominantly of SME home entertainment outlets. The particular analysis is in a leading South African Franchise system, consisting of family owned 'Franchisees'.

The home video industry is also an example of technology's ability to move businesses in unexpected directions. Even as VCR's were being introduced, few people in Hollywood or in the consumer electronics industry saw in the VCR the seeds of a revolution in home entertainment or in the motion picture business.

Initially, VCR's were intended as home recording devices, allowing consumers to tape their favourite programs for playback at a later time: so called "time shifting."

A decade later, the video rental and sale business had become the motion studio's biggest single source of revenue, accounting for half of all US revenues from filmmaking, more than theatrical exhibition, pay TV or any other outlet.

The all-digital DVD format has become the hottest selling new consumer electronics format since the VCR itself. The Internet is also opening up new possibilities for the video rental business. By letting consumers select a movie and reserve it online, before going to pick it up, the Internet promises to introduce an unprecedented level of convenience to the video rental experience.

The strongest fundamental in the video industry remains *the consumer*. Despite increasing options for the consumer's leisure time, and the promise of more on the way, renting a video remains one of the most popular and most frequent leisure activities.

It is with this in mind, that the writer's optimism regarding the opportunities within the video industry are abound in big things to come; however, one issue of paramount importance prevails: *No formal research had ever been conducted regarding the video rental consumer in Australia, New Zealand and South Africa.*

The implementation and evaluation of such research, together with the implementation and analysis of appropriate *Service Profit Chain initiatives* (Heskett *et al*, 1997), will be highlighted in this report.

The research problem centres around the effect of the Service Profit Chain initiatives on long-term growth within Blockbusters Video, the leading Franchised Video Rental group in Africa.; towards the implementation of a *Sustainable Competitive Advantage* (Porter, 1985).

The study at Blockbusters takes into account that the company is associated to STEERS HOLDINGS, Africa's largest franchised food chain, consisting of Steers, Debonairs Pizza, FishAways, and Church's Chicken. Steers holdings have over 480 fast food outlets on the African continent, with Blockbusters Video having 40 outlets. Synergies between the brands lead to competitive advantage, however this study predominantly highlights *customer service* within Blockbusters Video as a field of implementation.

Academic Implementation

The choice of sampling techniques is a product of the response requirements, participation by the desired population, and more importantly, the desired objectives of the research project.

The importance of the correct evaluation of primary and secondary data collected is paramount to the optimal implementation of Service Profit Chain initiatives to the Blockbusters Video Customer.

The service profit chain will centre on analysis from the 'gurus' on the topic, specific reference to "*The Service Profit Chain- how Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value*", as depicted by Heskett. J, Sasser. W, Schlesinger. L, (1997). Concepts, models and frameworks will also be researched from leading customer service oriented organizations, including Southwest Airlines, Xerox, Wal-mart, Taco Bell, Au Bon Pain Restaurants, British Airways, and other relevant leaders in their respective fields. The service profit chain will be analysed from the above sources, whereby customer satisfaction, customer loyalty and customer value are linked to the long term profitability and growth of Blockbusters Video.

The objective will be the implementation of a *sustainable competitive advantage*, as highlighted in "*Creating Tomorrows Advantages*", by Michael Porter (1994). The essence will be to find ways of growing and building upon customer service at the point of rental, rather than just eliminating problems and disadvantages. Towards this *competitive advantage*, insight by leading business thinkers, towards rethinking markets, principles and competition will be evaluated. Such 'gurus' include Stephen Covey, C.K. Prahalad, Peter Senge and Philip Kotler. Differentiation strategies will be evaluated, particular reference to Porter's *Generic Strategies* (1985), and *The Strategy Clock*, as depicted by Johnson and Scholes (1993). Whilst the base will be conceptualized from Porter's *Generic Strategies*, the criticism thereof have resulted in the development of *The Strategy Clock*; which will be implemented at Blockbusters Video.

The research evaluation will elicit trends and behavioural aspects of the video rental consumer, and the appropriate customer service initiatives will be strategised to cater for these characteristics. As the goal is to achieve a *sustainable competitive advantage* for Blockbusters Video; emphasis placed upon offering customer service initiatives not offered by competitors.

To this end, customer service initiatives, as detailed by Heskett et al (1997), will include Referrals, Related Sales and Retention strategies.

These initiatives will be implemented against issues highlighted from the Customer Satisfaction Survey, Mystery Shopper Programme, and website research.

A sustainable competitive strategy will be formulated, cognizance of Porters Five Forces, Generic competitive strategies, and detailed analysis, interpretation, adoption to fit specific long term strategies of Blockbusters Video. This will however prioritise the implementation of Customer Service at the point of rental. Interestingly enough, preliminary research has highlighted the inclusion of *retention, referrals and related sales to the existing marketing mix*. These customer service elements were previously not part of any Blockbusters marketing, customer service, or competitive strategy.

The implementation of the Service Profit Chain initiatives of customer loyalty, satisfaction and value, will incorporate the essence of striving towards a sustainable competitive advantage. This will be achieved by analyzing service profit chain elements of Linkages, Lifetime value of Customers, and retention, related sales and referrals.

Interpretation of Data

Customer Satisfaction Survey

Please refer to Annexure :1 Customer Satisfaction Individual Item Means

An overall high level of Customer Satisfaction was achieved , as depicted in the data analysis.

Relatively equal satisfaction levels across all the categories as per the Customer satisfaction survey analysis (see overall customer satisfaction). 77% of issues rated above or equal to the benchmark of 3,5; with only 23% marginally below the benchmark. Only 1 totally dissatisfied response was noted, with particular reference to the opportunity area of Playstation titles availability.

Individual item *mean* scores were indicative of overall satisfaction, with the lowest mean score indicating a somewhat satisfied rating. Individual scores however elicited a response of 35 dissatisfied responses, from a total of 910 responses. This only represents a marginal 3,9% of dissatisfied responses.

A rating of 3,5 (4 being very satisfied, and 3 being somewhat satisfied) was accepted as the benchmark towards *competitive advantage*.

Interpretation of data analysis and presentation highlighted the following:

- **Customer Satisfaction:** Playstation, DVD and Guaranteed availability titles were the only issues below the benchmark. Recently experienced Satisfaction rated the highest in the category, followed by latest release and pre-viewed title availability. Playstation title availability was noted as the greatest opportunity area.
- **Rental Experience:** High ratings per category, with all categories receiving ratings above the benchmark. Top ratings went to Store Cleanliness and Appearance of Staff, in contrast with the category low of Title Recommendations. 8% of respondents were dissatisfied with recommendations. The highlight was that 98% of respondents were satisfied with the way in which queries were handled.
- **Customer Service:** Information regarding Co-Promotions, Thanking the Customer, and providing information all rated below the benchmark. Friendliness however rated exceptionally, with all but one respondent forwarding ratings of very good. A concern however is that 38% of Customer Service issues were rated below the benchmark.
- **Customer Loyalty:** All issues in this category rated above the benchmark, with 86% of respondents indicating that they would definitely recommend Blockbusters Video. The remaining 14% indicated that they would probably recommend Blockbusters. All respondents believe that they are valued as customers, with 57% rating definitely, the remaining as probably.
- **Comments:** The most frequent comments centred around Playstation availability, a direct correlation between the below benchmark rating in section 1 of the survey. Other pertinent comments highlighted were DVD availability, once again in correlation with poor ratings in the customer satisfaction survey. Comments regarding more information on specials, new products, and services were also highlighted, in correlation with the Rental Experience section of the survey.
- **Length of Loyalty:** Indicative that 77% of respondents have been Blockbusters customers for over a year, with 61% being customers for more than two years. 20% of respondents have been customers for less than 12 months.
- **Competitor Outlet Use:** 74% of respondents only use Blockbusters Video for their Home Entertainment, with 26% using video outlets in conjunction with Blockbusters video. Reasons for multiple use include competitor proximity, title availability and competitor specials.
- **Rental Frequency:** The majority of respondents rent videos weekly (60%), with 17% hiring daily (frequent viewers), 17% fortnightly, and 6% monthly/other (passive viewers).

- **Overall Customer Satisfaction:** The Customer Loyalty, Service and Rental Experience sections rated highest (mean scores of 3,7); with General satisfaction at the lower end, marginally below the benchmark. Overall, 77% of issues rated above the benchmark.
- **Dominant Very Satisfied Issues:** High ratings were achieved in the areas of Friendliness/Courtesy, Experienced satisfaction, Appearance of staff, Helpfulness, Recommendation to others, and speed of transactions.
- **Dominant Dissatisfied Issues:** Low ratings were achieved in the areas of Playstation title availability, DVD availability, Thanking the customer for using Blockbusters, Guaranteed availability, and title recommendations by staff members.

Mystery Shopper Evaluation

Please refer to Annexure 2: Mystery Shopper Evaluation.

Of paramount importance is that the mystery shopper initiative was a one off evaluation, being influenced by the mystery shopper himself/herself, together with situational factors.

A pre-determined benchmark of 82% was maintained, towards the objective of *sustainable competitive advantage*. 29 individual issues were divided into 5 categories.

The objective of independence and objectivity, as highlighted in *research methodology*, highlighted an interesting, yet unexpected outcome. Those outlets usually receiving high scores from internal operational evaluations and inspections, did not all receive high ratings in this evaluation. The analysis identified many operational deficits relative to customer needs, which may be a topic for additional research in the future (however, out of the ambit of this research project). This again highlighted that the mystery shopper was evaluating customer satisfaction from a customers point of view, in contrast to how Blockbusters' perceive customer service.

The Store Appearance and Merchandising categories dominated the ratings, with distinct weaknesses in the areas of marketing communication, customer service, and the General category. This is however in tandem with internal inspections and evaluations, whereby stores with high internally inspired inspections results coincided with high mystery shopper evaluations in this regard. More than half of the stores received a rating below 60%, with 56% of the issues receiving a rating below the benchmark.

Data interpretation highlighted the following:

- **Store Appearance:** A mean score of 2 (highest rating), representing a mode of 2, indicative of 2 being the dominant score throughout the category.
- **Merchandising Section:** Mean score of 1,9; indicative of very high ratings for issues of the television being on, appropriate audio, adequately displayed POS, merchandising of terms and conditions, and the checkout counter being free of clutter.
- **General Category:** An in-between category, with a 50% response regarding issues of information on returning the rental, timeous completion of the transaction, and communication of cross-promotional activity.
- **Customer Service:** General poor ratings, accounting for a mean of 0,4; relating to an achievement of only 30%. Particular concerns centred around customers being greeted, detailing procedures, and positive and professional portrayals by Blockbusters staff members.
- **Marketing Communication:** Generally an appalling scenario, depicting distinct weaknesses in areas of information being relayed on the Blockbusters website, email initiatives, and communication of specials and guaranteed availability.
- **Overall Benchmarking:** 44% of the issues were acceptable (above or equal to benchmark), with 28% marginally below the benchmark. The remaining 28% of issues were well below the benchmark, requiring urgent attention. As such, 56% of issues evaluated in the mystery shopper evaluation were unacceptable towards the achievement of competitive advantage.

- **Dominant Issues of Strength:** Those dominant positive issues, all above the benchmark, included Cleanliness, Tape Presentation, POS display, Category Signs, Debris free, lighting and Customer Service. These listed issues achieved ratings in excess of 89%, with the first four listed issues achieving ratings in excess of 96%.
- **Dominant Issues of Weakness:** Issues well below the benchmark included information on specials, fortnightly email correspondence, positive attitude of frontline staff, and information regarding cross-promotional activity. These issues achieved rating below 11%, with information on special offers achieving a zero rating. The following four listed issues achieved single digit percentage ratings.

Linkages

Linking issues from the two measuring instruments highlighted aspects towards achievement of *Competitive Advantage*. Such linkages, together with correlations, included:

- A high loyalty link whereby 86% of respondents would definitely recommend Blockbusters Video, to that of 77% of respondents having been customers in excess of one year.
- The high level of customer satisfaction (77% of issues above benchmark) links to 5 consecutive years of profitability.
- The above loyalty link to customer satisfaction, whereby recent satisfaction correlated to high levels of loyalty.
- The high customer satisfaction ratings correlate to service value, whereby all respondents believe they are valued as customers; 57% being absolutely sure thereof.
- High service value achievement link to Employee productivity, correlating with high ratings of Friendliness/Courtesy, Helpfulness, and Appearance of staff.
- Overall high levels of satisfaction, linked to customer loyalty and value, correlating linkages as depicted in Dominant Satisfied Issues as highlighted in the Customer Satisfaction Survey, and Mystery Shopper evaluation.

Based upon recent experiences, Blockbusters Video customers responded to high levels of satisfaction, in correlation with similar high levels of rental experience, customer service, customer loyalty, and customer value. These linkages highlight the corresponding links to profit and growth.

Conclusions and recommendations

The purpose of the research is to understand, explore and evaluate the *customer satisfaction*, *loyalty* and *customer value* of the Blockbusters Video customer. These issues highlight strengths, weaknesses, opportunities and threats, which facilitate the conceptualization of service initiatives directed at the achievement of a **sustainable competitive advantage** at Blockbusters Video.

Proposed initiatives are to form the pillars of the Strategic Intent of the company, and the implementation will facilitate long term growth and profitability. Such initiatives have a foundation in the **Service Profit Chain**, as highlighted in the literature review. Adaptation thereof is however pertinent to Blockbusters Video.

Conceptual and Strategic recommendations

Kotler (2000) relates a generic strategy as that of leading the industry in targeting markets carefully, and producing the best value for money in those markets. The Blockbusters service profit chain strategy must be shared and agreed upon by management and Franchisees, which is instrumental in the implementation thereof. The acceptance and commitment of all participants is echoed in a strategic intent overview by Prahalad (1995), whereby emphasis is placed on the mandatory strategic intent of a company; by having an aspiration that is widely shared, with clear goals and an obsession with winning; referred to as the fuel driving the engine.

Maintaining and Developing Competitive Advantage

Porter (1985) identifies three generic competitive advantage strategies, that of **Cost, Differentiation, and Focus**. Blockbusters Video is not the low-cost producer in the industry, and will implement a **differentiation strategy**, whereby dimensions widely valued by customers are initiated.

Methods of Differentiation will include product quality and service quality. It is the value of the quality offerings, which will culminate into customer satisfaction and retention. Differentiation emphasis will primarily be based upon the sustainable competitive advantage of Steers and Debonairs synergies, together with service chain initiatives.

Benefits of such differentiation are emphasized by Porter (1995), in that " In a differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It is rewarded for its uniqueness with a premium price."

Strategic Focus

An overview of the strategic focus, developed from the analysis of service chain evaluation, highlights the direction of service related issues:

- **Target Market:** B/C income consumers (Living Standards Measures 5 to 6), family units, and teen market.
- **Positioning:** Convenience, affordability of product and distribution. ' *Watch what you like when you like, from the best takeaway next to Steers.*'
- **Product Line:** Increase DVD exposure, instore, electronically and media, as identified in the customer satisfaction surveys.
- **Price:** Rental prices somewhat above competitive outlets, differentiating according to service related issues. Discriminatory pricing in lower income areas), Range R16 and R14.
- **Distribution:** Expand on South African footprint, highlighting qualitative research with regards to defections due to outlet proximity and location.
- **Differentiation:** Exploiting Steers/ Debonairs synergies, smaller live outlets, e commerce initiatives, high retention levels, and above benchmark satisfaction levels.
- **Electronic:** Grow email database, introduce online bookings on www.blockbusters.co.za, emphasis on listening posts, enhancing customer two way communication.
- **Customer Satisfaction:** Ongoing surveys and training to monitor and improve customer service. Enhance use of info@blockbusters.co.za as a listening post.
- **Retention:** Develop retention strategies to enhance lifetime values. Enhance loyalty programmes, add value to the rental experience.
- **Referrals:** Incentivise and promote growth of referrals on current customer base. Launch 'introduce a friend' campaign.
- **Related Sales:** Enhance frequency with Steers and Debonairs synergies, and peripheral sales (phone cards, confectionary, etc).
- **Sales Promotion:** Joint promotions campaigns with Steers and Debonairs, highlighting competitive advantage of cross-promotions and brand synergies. Highlight www.blockbusters.co.za on all promotions, together with above the line linkage. Increase advertising and marketing budget by 18%, in line with increase in Franchise income.
- **Marketing Research:** Implement research projects to monitor and improve knowledge of the consumer decision process, customer service and expectations, and competitive activity. Introduce repeat mystery shopper evaluations.
- **Competitive Advantage:** Steers synergies, e-commerce initiatives, new store development, international footprint, customer service at the point of rental, retention initiatives, industry knowledge.

Service Profit Chain Initiatives

Although the Customer Satisfaction Survey highlighted that 77% of service related issues rated above the benchmark, the competitive environment necessitates continual improvements and initiatives. Despite the confidence in satisfaction of the Blockbusters Video customer, certain issues were highlighted as distinct weaknesses.

The objective is the implementation of specific profit chain initiatives, to achieving competitive advantage at Blockbusters Video. Analysis of strengths and weaknesses from the measuring instruments identify issues towards this objective.

The issues linking profit and growth, as depicted in the service profit chain, are reflected in the literature review. These links are also highlighted in the analysis and interpretation of data, emphasizing the strategic links between profitability, long-term growth, customer satisfaction, customer loyalty, and customer value. To this end, the links are combined by the introduction of the initiatives of *retention, related sales, and referrals*. These initiatives in turn develop the lifetime value of the Blockbusters Customer.

Retention Strategies

The ability to maintain the current customer base far outweighs the cost and advantages of procuring new customers. Retention is currently at a high level, with 74% of customers only using Blockbusters Video as their home entertainment source. To this end, the following initiatives are recommended:

- The *creating of listening posts*, both in-store and electronic. Instore will consist of frontline staff being motivated, trained and capable of handling queries, requests, and complaints. Electronic media will include promoting the info@blockbusters.co.za e commerce initiative, coupled with the development of a toll-free Blockbusters help-line. These listening posts will facilitate open communication channels between customers and the company.
- *Constant monitoring of Customer defections* to competitive outlets. Location, range availability, and guaranteed availability were highlighted reasons for defections, necessitating corrective action in this regard.
- *Guaranteed availability*, already introduced, requires fine-tuning. This rated as one of the dominant dissatisfied issues, and initiatives in this regard include marketing and communication campaigns to inform the customer of this competitive advantage. Such campaigns will include press, print, radio, Television, and on-line exposure.
- *Pre-Viewed titles*, whereby previously rented titles are sold to customers at discounted rates, require exposure. Campaigns will also be introduced, similar to that of Guaranteed availability.
- *Playstation title availability* rated as one of the most dissatisfied issues will be prioritized. Franchisees will be encouraged to stock and promote a wider range of titles. A National Playstation campaign will also be introduced, emphasis on the merits of renting and reviewing the game, prior to purchase thereof. Updates on the website, together with online initiatives will be implemented.
- *DVD availability* is unfortunately an industry issue, due to only certain titles being launched in this format. Greater depth will however be encouraged at outlet level. DVD day and date titles will receive exposure in all communication mediums, including the Blockbusters website.
- *Frontline Interaction* involves the direct communication with the customer at the point of rental. To this end, all staff will periodically attend training seminars at the Midrand Training Academy, particularly regarding customer interaction activities. In addition, staff will receive complimentary vouchers, enabling them to view and *recommend certain titles* (product knowledge) to different customers. A distinct weakness highlighted the lack of *thanking the customer for using Blockbusters* as their preferred supplier of home entertainment, an issue to be documented and initiated in training courses.
- *Recognition and Rewards* will include enhancement of the current loyalty programme. Apart from offering contracts, whereby substantial discounts are offered to important customers,

ongoing previews, events and functions will also be arranged for loyal customers. Database management fortunately highlights such customers, primarily based on usage.

Related Sales

Given the existence of a relatively loyal customer base, there is a strong incentive to exploitation by offering related products and services that appeal to the customer base.

VHS, DVD, and Playstation are core product offerings, and any auxiliary products and services are regarded as related sales. Initiatives recommended include:

- *Synergies between Steers and Debonairs Pizza*, whereby the greatest competitive advantage exists. No other Video chain has an association with fast food outlets, and the premise exists that take-out fast food goes hand in hand with take-out Home Entertainment. Proposed initiatives include examples such as receiving a free Cheeseburger from Steers next door when hiring two latest releases, and receiving a free video rental when spending R 40 or more at Steers. Sell-thru will include receiving a free Chicken Pita from Steers when purchasing a copy of Chicken Run.
- *Co-Operative promotions* between Blockbusters and major suppliers, not only limited to confectionary, game machines, ice cream, video peripherals, and other main-stream supplies, but any unconventional tie-ins. Such an example will be co-op with music soundtracks on selected titles.
- *Movie Tie-Ins*, which include merchandise, toys, and other licensed products with the release of targeted titles, for example, Lost World and the franchise of related animals, figurines, toys and merchandise.
- *Coffee Shops*, on the basis of a store within a store concept will be strategised at certain Blockbusters outlets, similar to the development of coffee shops at Exclusive Books outlets.
- Since Video is a relatively affordable source of home entertainment, the customer predominantly pays in cash. The price point of new releases is currently pegged at R 16.00; and the objective is for the customer to spend the balance of the R 20,00 in the store. To this end, a joint related sales promotion with Act 2 microwave popcorn will be strategised, an example being: *R 20 get's you a rental of Shrek, a free Act 2 microwave popcorn, together with an additional free category video*

Referrals Strategy

Referrals from existing customers to other consumers rates among the highest form of positive communication, and this avenue will be exploited to maximum advantage. Fortunately, all respondents from the Customer Satisfaction Survey indicated that they would positively refer Blockbusters Video, with 86% indicating that they would definitely do so.

To this end, the following strategies are recommended:

- *Introduce a Neighbour*, whereby the current customer base is incentivised to introduce their neighbour to join membership at Blockbusters. The introduced neighbour will receive a special discount during the promotion period, and the current customer will receive free video vouchers, or additions to their contract.
- *Invite a friend Competition*, whereby the online email database will be invited to introduce a friend to the online database. Current online database customers will be incentivised to introduce as many friends as possible. All spamming will be avoided, in that no one will receive emails without their express permission.

Communication of Initiatives

Dominant issues of weakness highlighted in the Mystery Shopper Evaluation, which rated well below the benchmark standards, include the communication of information on specials, fortnightly email

correspondence, and information regarding cross-promotional activity; particular emphasis at the point of rental. These issues rated below 11%, in that 89% of outlets failed to communicate these issues effectively.

- *Frontline Staff Training* is proposed, specific objectives directed at informing staff of promotional activity, together with the weekly update thereof. Such weekly updates will be via the proposed development of intranet facilities, and it will be the Franchisees responsibility to implement this at store level.
- *Ongoing Mystery Shopper Evaluations*, whereby training initiatives will be constantly monitored.
- *Franchisee Training and Development*, with emphasis on spending time on the front line; putting employees first; leading personal development; supporting greater job latitude, providing technological support; investing in customers; maintaining measures and rewards that influence behaviour; and of utmost importance, communicating the message.

Communicating the message will receive a dominant stance, whereby role models are to emphasize the importance of communicating superior customer service to employees and customers. Of importance will be the effective communication of the service strategy of Blockbusters Video, and the underlying reasons for the implementation thereof.

Operational Recommendations

Industry related initiatives, specific reference to Blockbusters Video implementations, would include:

- *One-to-one customer service*, highlighting researched weaknesses of greeting and thanking customers by name.
- *Developing Loyalty through consistency of management and staff*, whereby long serving staff members know customer needs intimately.
- *Personalising Customer Service*, developing regionalized special offers, adding value to target markets identified.
- *Best Practices*, which include determining the product mix to deliver the mission, by adding products that support the mission, and eliminating those that are adverse to mission objectives.
- *Strong Focus on community involvement*, targeting local schools, performing arts and focusing on satisfying local communities.
- Using *customer-driven merchandising* to facilitate use and convenience to the rental experience. This includes layout and design, which rate relatively high in the analyses.
- *In-Store Operations* recommended include that procedures be clearly documented for consistency of execution from staff in an Operations Manual. Store guidelines will be highlighted in such standard operating procedures.
- Increase range availability instore, highlighted as a distinct weakness in qualitative research undertaken. This will involve re-design of shelf layouts at store level.

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Annexure 1

DATA MATRIX: (CUSTOMER SATISFACTION) INDIVIDUAL ITEM MEANS

ITEM	MEAN	COMMENT
Section 1	3.3	General Satisfaction
1a	3.9	Recent Experience Satisfaction
2a	3.6	Availability of Latest Releases
2b	3.2	Availability of Guaranteed Availability
2c	3.6	Availability of Pre-viewed titles
2d	2.7	Availability of Playstation titles
2e	3.1	Availability of DVD titles
Section 2	3.7	Rental Experience
3a	3.7	Store Layout/Appearance
3b	3.9	Cleanliness of store
3c	3.9	Appearance of Staff
3d	3.7	Staff Product Knowledge
3e	3.7	Video Return Advice
3f	3.6	Handling of Queries
3g	3.7	Selection of Titles
3h	3.5	Recommendations by Staff
Section 3	3.7	Customer Service
4a	3.8	Welcome and Greeting
4b	4.0	Friendliness/ Courtesy
4c	3.9	Helpfulness
4d	3.8	Speed of Rental Transaction
4e	3.8	Staff Attitude
4f	3.4	Specials Information
4g	3.4	Thanking for use
4h	3.4	Co-Promotions
Section 4	3.7	Customer Loyalty

4a	3.9	BB Recommendation
4b	3.6	Value for Money
4c	3.5	Valued as a Customer
4d	3.6	Renew Membership
TOTAL	3.6	

BENCHMARK:

1: UNACCEPTABLE	Immediate action required
2: POOR	Action Required
3: GOOD/ ACCEPTABLE	Scope for excellence
4: VERY GOOD	Customer Service Benchmark

Annexure 2.

DATA MATRIX: MYSTERY SHOPPER- INDIVIDUAL ITEM PERCENTAGES

ISSUE	YES	NO
Store Appearance		
Outside Area Debris Free	93	7
Interior/ Exterior lights working	93	7
Clean in-store area	100	0
Stocked Concessions	82	18
Tapes neatly presented	96	4
Merchandising		
Television on	85	15
Appropriate Background Music	85	15
POS displayed	96	4
Terms and Conditions displayed	82	18
Category Signs displayed	96	4
Customer Service		
Greeted by First Person	82	18
Assisted without asking	37	63
Helpfulness with application	4	96
Blockbusters Procedures	60	40
Movie Recommendation	67	33
Blockbusters Uniform	48	52
Thanked for using Blockbusters	85	15
Thanked by Name	37	63
Positive Attitude	4	96
Marketing		
Website Information	63	27
email address request	7	93
Fortnightly email correspondence	4	96

Info on specials, guaranteed availability	0	100
General		
Rental Return	30	70
Knowledgable assistant	78	22
Customer service level	89	11
Timeous Transaction	48	52
Cross-Activity	11	89