

## **CASE D-3**

### **Australia and New Zealand Bank: Targeting the Valued Customer**

These teaching notes were prepared by Peter Vitartas.

#### **Teaching Notes**

This case can be used to teach topics on marketing research, service marketing and global marketing. The case outlines marketing research undertaken by the ANZ bank over a five year period and a number of strategies that were implemented in response to the marketing research findings.

The set of questions at the end of the case can be used to direct students' study and thoughts about the case. The first question focuses students on the different types of marketing research approaches available to marketers and, in this case, how they were applied by the bank to assist in improving their service. Question two has students explore the role of marketing in a service context by getting them to realize that devising a strategy and implementing it can be quite difficult and take time. Question three allows students the scope to be creative in designing a promotional campaign based around the "Valued Customer" theme. The final question enables students explore aspects of global marketing, in particular the role of marketing research for global markets and market identification.

#### **Case Questions and Answers**

##### *Question 1*

*What is the use and role of quantitative and qualitative research identified in this case study. How has research helped the bank to service customers better?*

In the ANZ case quantitative and qualitative research has been used to assist and advise the management in improving their service. Quantitative research is apparent in the tracking data that was collected using telephone interviews over the period 2001-2005. The research used large sample sizes (between 12,000 and 32,000 annually). A range of analyses were undertaken on the data including multivariate regression and the net promoter score which is based on satisfaction scores. The role of the quantitative research was to benchmark and then track customer and staff evaluation of the organization over the five year period.

Qualitative research, in the form of focus groups and in-depth interviews, are referred to in the case being conducted with both customers and employee groups. A methodology, known as laddering, was used to explore the impact of a poor service experiences on customers' emotional

responses and led to an understanding of the importance of resolving problems quickly. Other uses that are referred to include focus groups with customers and interviews with managers.

The research allowed the bank to undertake a number of activities that led to improved customer service. These included benchmarking customers perceptions of the bank and then tracking customers perceptions over a five year period. The research led to the identification of the importance of being treated as a valued customer and the campaign to align staff views with those of customers. A further outcome of the research led to the development of particular initiatives to improve the handling of problems. All of these activities led to improved customer service as is evidenced by the results in Figure 2 and 3 and the 2005 net promoter scores.

### *Question 2*

*What was the “Valued Customer” proposition? What problems was it trying to solve? What challenges were encountered in its implementation? What results did it achieve? What lessons can we learn?*

The “Valued Customer” proposition is that customers like to feel valued by the bank. Many of the bank’s processes and procedures facilitated effective implementation of the bank’s rules however customers perceived these in a negative way and it left them feeling angry, frustrated and bewildered. It meant that problems were handled by following the rule book and solutions took longer to resolve than customers expected. The challenges that the ANZ encountered in implementing the program was the non-alignment of what the customer believed and what the frontline staff believed, were the most important issues requiring resolution. As a result the bank had to undertake a training program for staff making them aware of the customer’s requirements and how to deal with problems as they arose. The outcome was that not only were customers happier but staff were as well. There are many lessons that can be learned from this case. An important lesson is that, for services marketers, it is important to have good training policies in place to ensure that service is delivered effectively but also that customer problems are heard and handled just as efficiently.

### *Question 3*

*Develop an outline for a promotional campaign for the retail bank using the Valued Customer proposition.*

Students can be given a free hand in designing their promotional campaign or the instructor may wish to specify they focus on a particular aspect of the promotions mix, such as designing an advertisement, a story board for a television commercial, a poster, a media release or a direct mail letter. The focus of the campaign should be for students to convey the importance of the

bank treating customers as being important. This can be supported with claims of how the bank solves problems quickly and how the bank's frontline staff are responsive to customer's problems.

#### *Question 4*

*ANZ is now looking at expansion beyond Australia and New Zealand. What recommendations would you make in relation to the "valued customer" proposition? What research would you recommend ANZ undertake? Where should ANZ look to expanding first?*

Students should realize that entering the global market does not mean that you can automatically implement the policies in once culture into another. In addressing the issue of global expansion students could highlight the type of research that should be undertaken to understand the important issues that customers face in the country they are evaluating. It can be said that all customers appreciate being valued however the culture of the country will dictate the way that this value is implemented. The ANZ bank would be wise to evaluate customer satisfaction with existing banks in the markets they are considering entering and evaluate what services are currently offered by competitors. This analysis would then enable them to develop a customer service strategy for the country. In selecting a country to expand to they would need to undertake a thorough analysis of their strengths and the opportunities available in each market. There needs to be consideration of the fit between the country's banking culture with those of the bank, of geographic location – near to Australia or on the other side of the world, what is the most appropriate way to enter the market, of resource requirements and an understanding of the consumer.