

**Assessment 1**

**Total Marks: 30**

1. Give short answers for the following questions: (15)
  - I. Discuss the importance of customer services in an organisation.
  - II. What is customer retention? How does it can benefit a business?
  - III. Outline the benefits of a customer focused service?
  - IV. What is customer loyalty? How would you depict a customer’s relationship with a business in terms of a loyalty ladder?
  - V. It is said that “today’s customers are different from those of the past”. why
  
2. Define the following terms; (4)
  - a) Internal Customers
  - b) External Customers

**Activity** (4)

Make a sample questionnaire to know customers’ feedback about the services of a hotel.

**Case Study** (7)

Rogers joined the NCA (an Insurance company) in 2003 as a Managing Director. The company has 55 branches in 16 cities across the country and has been in operations for the last 35 years. With 2.5 million loyal customers, this is the third largest company across the country. Rogers’ target is to attract 1 million new customers till the end of 2004. Rogers has increased the marketing budget from £2,000,000 to £5,000,000, and has replaced the marketing director. This increase in budget has affected some other schemes .i.e, customer loyalty card discounts.

In early 2004 Customer satisfaction research highlighted that although customers were content; they rarely gave top mark scores. As an organisation striving for world-class performance, the NCA Group sought to give customers a truly exceptional experience that would keep them coming back time and time again. By the end of 2004, the company has been successful in attracting 0.5 million new customers but has exceeded the marketing budget of £5000, 000. With this 5% of their existing customers moved to their competitors where they found some lucrative deals. By the end of 2004 the company’s overall profit has dropped by 3% as compared to the previous years where as the company has been successful in attracting more customers this year.

Keeping the above situation in mind answer the following questions:

1. Why the company has lost its existing customers?

2. Why the company has lost its profit instead of attracting 0.5 million new customers?