

1.0 INTRODUCTION

Bata has been a strong home brand in Singapore for decades, establishing its first store at Capitol Building, Singapore on August, 1931. Bata prides itself on having a worldwide reach, but a local presence as manufacturers, distributors and marketers of footwear. Current market perceptions of Bata can be summarised within the anagram “Buy and Throw Away”. This has translated into consumers being slowly attracted away by competitors’ offerings. Bata’s market share and revenue has consequently remained largely stagnant over the past five years.

In direct response to the threats imposed, the group’s proposal seeks to incorporate a holistic scope covering a wide range of issues, including employee relationship management and top management buy-in. The group aims to revitalise Bata as a market leader in the Singapore footwear industry, providing quality and value to the mass-affluent consumers.

2.1 INDUSTRY ANALYSIS

2.2 Decline in physical retail industry

Singapore’s retail industry has seen some challenging times in the recent years seeing the demise of local chain retailer, M)phosis as well as store consolidations of international brands such as Giordano, Bossini and Fox (Euromonitor International, 2016). These retail brands were largely affected by factors such as declining tourism and higher operating costs.

- Declining tourism: Shopping tourism plays a significant part in driving Singapore’s retail economy. Hence, the dwindling numbers of tourist arrivals has had a negative impact on Singapore’s retail industry.
- High operating costs: Due to a scarcity of retail space in Singapore, retailers face high rental costs which contribute to their operating costs. Furthermore, due to recent law enforcement of foreign labor in 2015 as well as an aging population, the retail industry has since faced a shorter labor supply leading to higher labor wages.

2.3 Rise of Internet retailing

The Internet retailing industry in Singapore is growing at a tremendous rate. In 2014, the ecommerce industry in Singapore was estimated to be SGD 1.2 billion and is expected see a CAGR growth of 11% in the next five years. Euromonitor International estimates that Singapore's e-commerce market is slated to reach 2.06 billion in 2019, making up more than 5% of the Singapore retail market. With more Singaporeans are turning to Internet retailers, we can expect that this will negatively impact the sales value of the overall retail industry in Singapore.

3.0 COMPANY BACKGROUND

Started in a small town called Zlin in Czechoslovakia in 1894, T. & A. Bata Shoe Company was founded by siblings Tomas, Anna and Antonin Bata. The company has over 300 years of family history in shoemaking in making high quality, mass manufactured, affordable shoes for working people. Bata opened its first store at Capitol Building in August 1931 has grown to be the leading footwear manufacturer in Singapore with over 40 retail chains across the country including Plaza Singapura, The Centerpoint, Jurong and more. As a shoemaker, the company prides itself on being a global brand with a local presence. Its international manufacturing structure allows Bata to respond quickly to the needs and wants of local customers.

Euromonitor International cited that despite the slow growth, Bata Shoe (Singapore) Pte Ltd retained its top spot in the overall footwear category in 2015 in Singapore with a value share of 6% (2016). This is due to its strength as a practical and affordable footwear provider in the children's footwear category – holding a 24% value share in 2015. Holding a strong share in men's dress shoes for being practical and affordable, Bata caters mostly to the price-conscious consumers who may be from the lower-income bracket (Euromonitor International, 2016). The following are Bata's positions in the various categories of the footwear market in Singapore:



Overall Market share

1st position



Mens Footwear

1st position



Children's Footwear

1st position



Sportswear

3rd position

4.0 COMPETITOR ANALYSIS

As the fast fashion footwear industry is highly competitive, it is essential for Bata to constantly innovate and differentiate in order to remain competitive. Bata's competitors can be categorized according to the different product categories they compete in; young adult/children footwear and adult footwear. Converse and Royal Sporting House competes in the young adult/children segment while DMK, Clarks and Pedro focuses on adult footwear. The table below provides a basic understanding of the positioning and offering of Bata and their respective competitors.

| | BATA | Converse | RSH | Clarks | Pedro |
|--------------------------------|---|---|--|---|--|
| Competing Category | Footwear | Children/Young Adult Footwear | Children/Young Adult Footwear | Adult Footwear | Adult Footwear |
| Mission | To respond to unique needs and wants of local customers | To inspire customers to embrace their individuality and self-expression | To build trust and long-term relationships with sports enthusiasts | Perfection tailor-made for the modern world | International influence for both men and women |
| Value Proposition | Worldwide reach but local presence | Quality casual sneakers and apparel | Wide selections from international sports brands | Combination of invention and craftsmanship | Sophisticated and stylish footwear and accessories |
| Main target market | Men and women aged 24 - 65 | Teenagers and Young adults | Athletes aged 18 – 40 | Men, Women, Children ages 10 - 65 | Men and women ages 24 - 65 |
| Product Offering | Mass-manufactured, affordable shoes | Fashion sneakers and apparel (All Star, Cons, Jack Purcell) | Apparel, footwear, and accessories from international brands | High-end comfortable shoes for any occasion | Contemporary and diverse selection of footwear and accessories |
| No. of Flagship stores | 43 | 16 | 27 | 18 | 12 |
| General stores location | Central areas & heartland malls | Heartland malls | Island-wide, mainly heartland malls | Central & commercial district | Central & commercial district |
| Price | \$15 - \$60 | \$80 - \$130 | \$80 - \$180 | \$120 - \$215 | \$79 - \$140 |

The competitors pose a strong threat to the company as they target the same customers with similar offerings. Each competitor provides the same core product (footwear) and very similar actual product (high quality and innovative footwear and accessories). On top of focusing on branding and innovative products, there is an opportunity for Bata to further differentiate themselves in terms of augmented product.

5.1 SWOT ANALYSIS

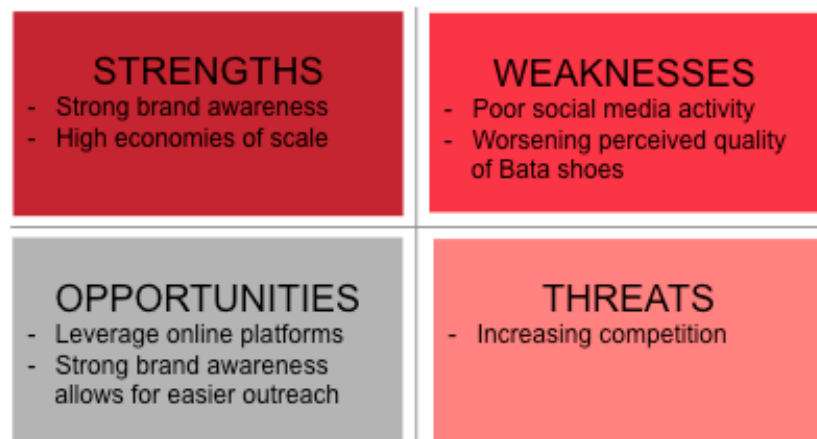


Figure 5.1: SWOT Analysis Matrix

Strengths:

- **Strong brand awareness:** The company Bata is widely known and acknowledged as a power brand within the global footwear industry with a heritage of more than a century. Bata serves a million customers each day with a business model based on quality and accessibility for all (taken from bata.com.sg) It is one of the most well known shoemakers and shoe company of modern times.
- **High economies of scale:** Bata has more than 4900 retail stores in over 70 countries, with production facilities scaled up to accommodate global markets. Bata also boasts a wide range of products consisting of children, men and women's casual and formal shoes. This enables Bata to be able to compete with lower prices across extensive segments.

Weaknesses:

- **Poor social media activity:** Bata has Facebook, Instagram, Twitter, LinkedIn accounts but on none of the social media platforms is the company active. The last post on Instagram is in May 2015, whereas competitors such as Charles and Keith generally update once every two days – a week. Their Singapore based website is also currently under construction, which creates a dead-end for avid consumers.
- **Worsening perceived quality of Bata shoes:** In Singapore, there is currently a common trend of associating the Bata brand with the 'Buy and Throw Away' acronym. This illustrates the increasing numbers of the Singapore consumers experiencing or spreading negative word of mouth regarding Bata with poor quality shoes in recent years.

Opportunities:

- **Leverage online platforms:** Since we live in the digital age, online platforms are keys to participate in mass market online retail. Bata should continue developing their e-commerce platforms to leverage on the wider reach and drive sales revenue.
- **Strong brand awareness allows for easier outreach:** Given that Bata is a household name in Singapore. If Bata can rebrand or change the current 'Buy and Throw Away' perception, the company has the ability to re-attain strong market share and compete aggressively within the increasingly competitive footwear industry.

Threats:

- **Increasing competition:** The competition in the footwear industry is extremely high. With the advent of the digital age, retailers are expected to innovate to meet consumers' needs both online and offline especially with greater speed. The barriers of entry gradually lower over the adoption of technology and more competitors such as online retailers and start-up ventures are able to offer similar yet cheaper products. This forces retailers to remain price competitive and as such drive profits down while cost overheads remain high.

6.1 CUSTOMER PORTFOLIO MANAGEMENT

Bata is the current market leader for footwear in Singapore by share volume (Euromonitor International, 2016). This is achieved by their strengths in men's and children's footwear. However, Bata may have to increase their focus and differentiate their offerings and approach better for the individual segments.

6.2 Customer Strategy Cube

The customer strategy cube (Figure 6.1) is used to identify Bata Singapore's current target segments, offerings and sales channel.

Bata currently have four main offerings, three target segments and two established distribution channels. This is graphically represented by the cube below. By analysing the 24 individual business units (4 X 3 X 2), Bata would be able to develop more effective CRM strategies.

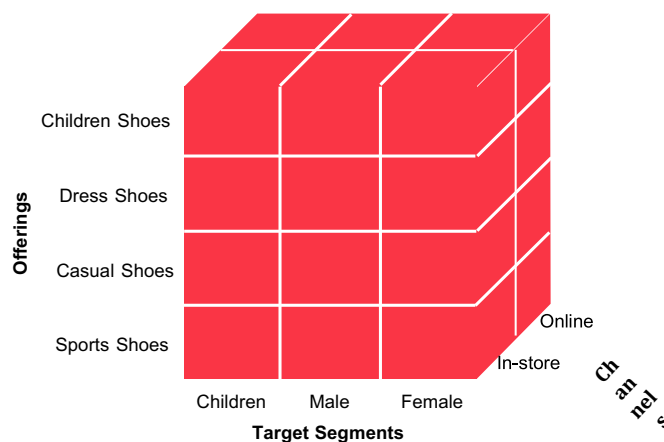


Figure 6.1: Original Customer Strategy Cube

6.3 Current Target Market

Currently, Bata's customers are segmented based on a product-oriented approach. It is important to better segment Bata's customers to develop more specialised CRM recommendations.

Secondary sources (Marketline and Euromonitor) were able to provide deep insights on the footwear industry. These reports indicated developing trends in the local market.

- Children quickly outgrow their clothes and therefore, the purchasing of new children's clothes has become a necessity, whereas adults can delay purchasing new clothes for themselves.
- Parents are increasingly willing to spend more on orthopedic shoes for children due to their fear of inadequate footwear affecting their children's development.
- Fearing childhood obesity, there is an increasing number of parents purchasing sport shoes for children and encouraging them to adopt more active lifestyles.
- Men, especially younger males have become increasingly fashion-conscious. It is now laudable for them to develop trendy personal styles.
- Men are embracing the diversity of shoe styles with many purchasing a variety of shoes of different styling such as loafers, moccasins and brogues. Previously, men only purchase necessities such as work shoes and athletics shoes.
- With greater disposable incomes, women are treating themselves to more luxurious yet comfortable shoes more often.
- With social media and an increasing participation in yoga/gym, women are looking to buy trendier sportswear. They rely on social influencers to learn more about trends and to share more of their own lifestyle.

By synthesizing the above findings, Bata's customers can be segmented through a behavioural and psychographic approach.

6.4 Psychographic Approach

The newly divided segments are:



A. No-frills parents

As children tend to outgrow their shoes quickly and school shoes being a compulsory item for school-going children, these recurring purchases can add up to a substantial amount for parents. Hence, many parents choose to purchase no-frills and adequate school shoes for their children. This is the key segment which Bata have served for years through the main Bata brand and Northstar.



B. Premium choosing parents

These parents will choose to purchase premium children school, casual and sports shoes. They are enabled by higher disposable income and access to educating orthopaedic information. Bata is currently serving this group by using brand extension such as B-cutie and B-First. However, Bata do require more specialise effort to serve this segment.



C. Traditional professionals (40 and above)

These customers have an early exposure to the Bata's brand due to their earlier experience with Bata's school shoes. They are mostly Gen X and Baby-boomers male. They look for quality at reasonable prices. Most of their purchases are made to fulfil their need for mandatory footwear such as working shoes and sports shoes. Bata have serve this segment with the main Bata brand and Power brand.



D. Fashionable professionals (25 - 39 years old)

This segment consists mostly of younger males and females. They are more receptive to fashion and trends. They desire different stylings of shoes. Bata have been trying to target this segment by keeping up with more diverse designs. However, Bata may have to continue to work on appealing to this segment.

6.5 Revised Strategy Cube

With the above proposition, the revised strategy cube will look like this:

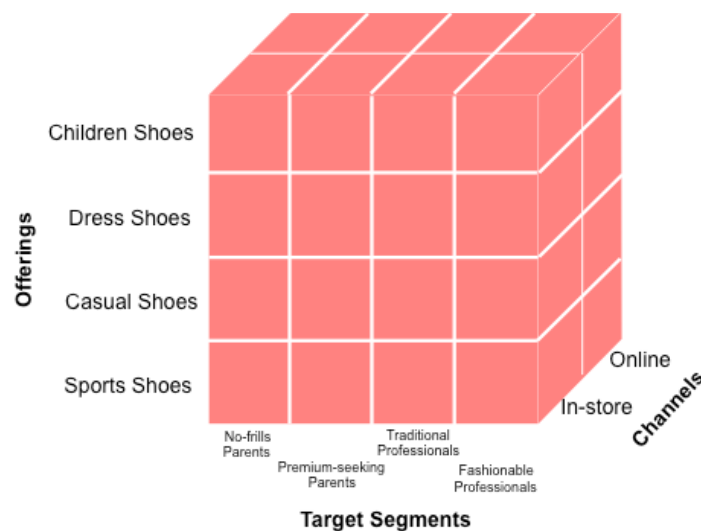


Figure 6.5: Revised Customer Strategy Cube

7.1 METHODOLOGIES

7.2 Primary Observation Studies

Observational studies are an unobtrusive method of studying Bata in their natural setting. The group conducted 2 observational studies at two of their outlets - Chinatown Point and Bishan Junction 8, on both weekday and weekend. Through these studies, the group can uncover the following:

- a. Experience of the store ambience and observe store layout
- b. Observe service level of the staff to customers
- c. Brief understanding of the demographic of customers
- d. Conduct mystery shopping to evaluate the service provided

Other key findings can be found in the appendices, which also aid in the crafting of scenes and acts for Bata.

7.3 In-depth Interviews

In-depth interviews were conducted with the store staffs and customers of Bata. The group seek to discover different perspective on the various aspect of the Brand. Interviews with the staffs provided the group with insights on the customer flow rate, customer trends and Bata's CRM efforts in placed. The team also interviewed customers of various kinds (no-frills parents, premium-seeking parent, traditional, fashionable, etc) in an attempt to obtain more distributed findings. Interviews with customers aided the group on the understanding of consumers purchasing behavior of Bata products. (Interviews responses can be found in the appendix)

7.4 Quantitative Research

The group conducted the quantitative research in a form of an online survey via Qualtric platform. It has a total of 124 effective respondents (only results of respondents who passed the attention check question are used) whose age group range from 21 to 40.

Questionnaire was crafted to measure the Dimension of Values. Bata product quality, pricing, and hidden cost were measured. Social value, in terms of social acceptance of using Bata products, were also measured. In addition, using the Servqual scales, data on service quality and store location data were measured too.

Simple quantitative analysis was also conducted on the survey results to identify the area which are important for the consumers. The findings were then used as a source of the recommendations for Bata.

7.5 Secondary Research

The prevalence of internet and social media has made it impossible for businesses to ignore. Engaging consumers through these touch points can affect the customer's overall experience. Bata being a globally known brand but suffered a relatively poorer perception in the local market calls it a concern. The group seeks to find the source of the discrepancies through analysing the strategies used on different platforms.

8.1 RESEARCH FINDINGS

8.2 Off-site

8.2.1 Social media

Facebook page (@batasingapore)

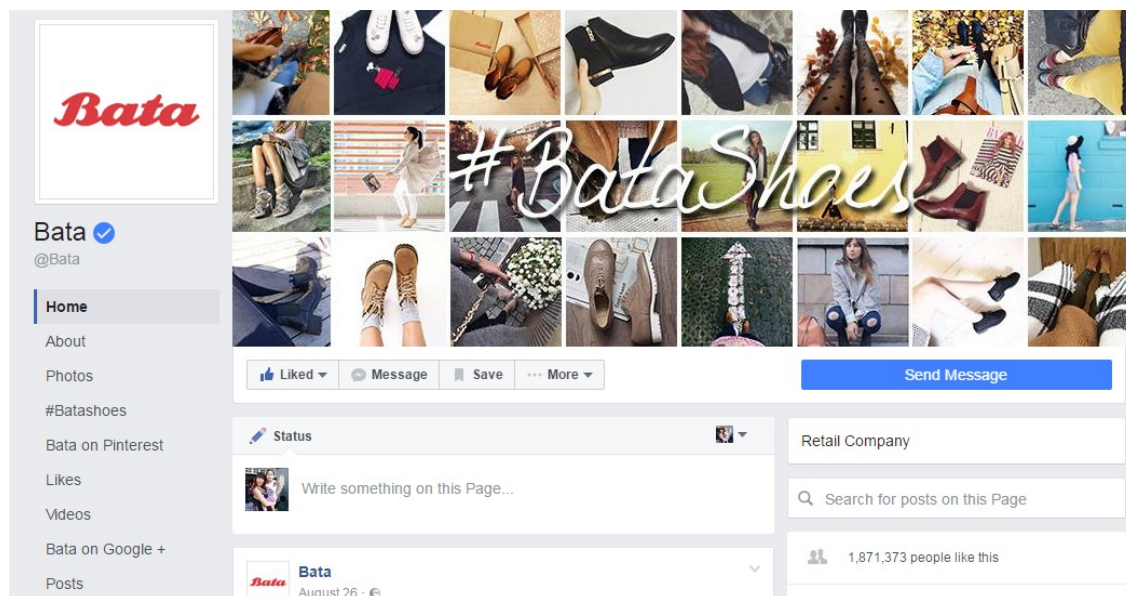


Figure 8.1.1: Bata Facebook Page

Bata Singapore's Facebook page is their most commonly used social media channel channel to connect with a current following of 16,652 likes. Their Facebook content consists of promotional material, event updates and holidays greetings and they are quick to respond to comments and questions on their page. To engage and reward their Facebook users, Bata Shoe Singapore holds online contest such as the "Bata Fall In Love Story Contest" or "Guess the Location" Contest winners where Facebook fans can win Bata

vouchers by liking and sharing the Bata page. These contests prove to be a good way of engaging users as these posts have garnered over 900 likes and 77 shares.

Instagram (@Batashoesingapore)

Unlike their active Facebook page, Bata Singapore's Instagram account currently only has 60 followers, this is probably due to the fact that they are inactive on Instagram and have not posted anything on their account yet. There is much work to be done as Bata Singapore plans to use Instagram as a channel to build relationships and engage their customers.

8.2.2 Website



Figure 8.1.2: Bata Website (www.bata.com.sg)

Bata Singapore's website is currently going through website maintenance and thus, many of the website's functions and pages are not available for viewing. As such, this is not fair to conduct an analysis of their website in this intermediate period.

8.2 On-site

Two outlets, one located at Bishan Junction 8 and the other at Plaza Singapura, were selected for on-site studies. There was an interest in determining if there were any difference between the stores located in a heartland area and the main shopping belt

frequented by tourist. However, the stores were generally similar. Hence, the elaboration will be based on the findings received from the Bishan outlet.

8.2.1 Physical Environment



Figure 8.2.1: Bata Physical Outlet

The Bata outlet at Bishan attempted to adopt a racetrack layout. However, the stacking of children's school shoes at the centre of the store created a cluttered look when viewed from the outside. The atmosphere set by the yellow-tinged lighting on plain coloured installations and furniture did not create an inviting feeling. The store was organised to encourage customers to explore all the offerings in a loop manner. However, having the stack of children's shoes in the middle may encourage a hasty purchase. Parents may not take the opportunity to explore what Bata has to offer.

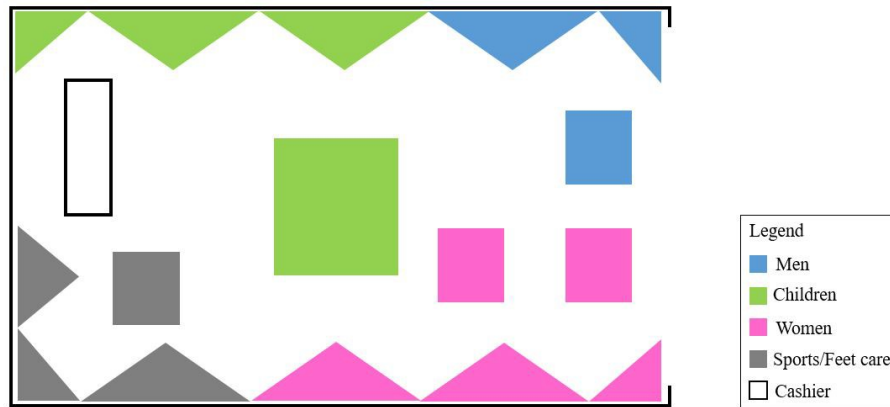


Figure 8.2.1.2: Bata Physical Outlet Representation

8.2.2 Product Display

Bata's merchandise are neatly displayed and sorted by segments. However, the shoes are packed rather closely to each other. Customers may not be able to give each individual piece sufficient consideration as this cramp arrangement overload the customer with choices. It was also slightly inconvenient to check the prices of individual pieces. Some of the shoes have the price labelled on the sole; some have the tag inside the shoe while others have both. This may demand extra effort from customers who are browsing.

On the other hand, the children's section display the products in a very logical manner; with school and casual shoes clustered separately. Shoes for children aged 4 or less are neatly hanged on the wall at the end. Customers buying multiple shoes for children in different age group can very efficiently navigate themselves across offerings. It is no wonder that Bata is the current market leader for children's shoes in Singapore.

However, Bata do need improvements with the general atmosphere and style of the store if they want to appear more fashionable to the more appearance-conscious crowd.

8.2.3 Customer Service Officers



Figure 8.2.3: Bata Customer Service Officers

The service staff in the outlets appears friendly and they position themselves near customers to serve them. However, there is only one service staff in an outlet. This arrangement may influence service quality if more than one customer requires assistance from them. The staff appears fairly knowledgeable about the products.

8.3 Service Process: Scenes and Acts

| Scene 1: Entering the store | Scene 2: Browsing experience | Scene 3: Finding the right size | Scene 4: Queuing and payment experience | Scene 5: Exit experience |
|--------------------------------|--|------------------------------------|---|------------------------------|
| Act 1: Storefront Greeting | Act 1: Walking Around / Store Layout | Act 1: Approaching staff | Act 1: Waiting In- Line | Act 1: Greeting Upon Exit |
| Act 2: Store Ambience | Act 2: Picking Out Products | Act 2: Finding A Seat | Act 2: Payment and Bagging | |

Figure 8.3: Original Scenes and Acts Representation

Scene 1: Entering the Store

Customers are greeted by the service staff with a smile upon entering the store, and usually items on sale will be placed prominently near the storefront. Depending on the crowd, the customer may or may not be acknowledged or greeted. The store is brightly lit, with minimal décor and soft background music, which will usually be mainstream radio hit songs.

Scene 2: Browsing Experience

Customers generally make their round around the store in a circular fashion if they are just browsing. If they seem to have a specific purpose or need, they will head to the relevant segment of the store. The store is segmented by the various product offerings, namely shoes for males, females, and shoes for students. The various products are laid out neatly on the shelves, and they appear to be of the same size. There are mirrors and cushioned seats scattered around the store as well. A few service staff members will be standing around the store or behind the cashier.

Scene 3: Finding the right size

Customers will attempt to try the shoes on the rack, but if the size does not fit, customers will try to grab the attention of service staff and seek assistance to get the right size. Customers are not always served promptly, as there may not be enough staff members to attend to every customer, or the staff members' response time might not be fast enough, especially during peak hours. From our observation, it takes approximately five to seven minutes from the time the customers request for assistance to the time the customers receive the right size. Customers may not always get a seat to try the shoes, as there are friends or family of the customers who choose to occupy the seats while the customer browses the shop. Thereafter, customers will decide to either make their purchase, or repeat the browsing experience.

Scene 4: Queuing and Payment

The staff member that assists the customer can choose to help with the payment as well. The queue is usually short, with no more than three customers at any one time. After processing the payment, the shoes will be placed into a shopping bag.

Scene 5: Exit Experience

There was no channel for customer to provide feedback. The customer does not receive any greeting upon leaving the store.

8.4 Survey

8.4.1 Choosing a Target Segment

Through our secondary research, the group has identified that in Singapore, Bata's target customers are men and women between the ages of 18 to 68. While conducting psychographic segmentation, we identified that this group of target customers fell into either "fashionable professionals" or "traditional professionals".

Our primary research, namely the in-depth interviews with both customers representing each segment, as well as staff members of Bata, revealed that the "traditional professionals" still have a relationship with Bata and are generally supportive of Bata, whereas "fashionable professionals" show less interest and preference in purchasing from Bata. Therefore, we decided to focus on further analysing the drivers for satisfaction as well as coming up with targeted recommendations to help improve the customer experience for this group of customers.

Therefore, we decided to survey Singaporeans with ages between 21 to 40 years old, to find out more about what factors are important to them, as well as what are significant areas for improvement.

8.4.2 Demographics of Respondents

There were a total of 124 respondents for this study. Respondents were asked to give information on their age, gender and monthly income/ allowance. 42.7% of the respondents were males and 57.3% were females.

Majority of the respondents (60.5%) were younger adults aged 21 to 30 years old. Most of the respondents are also currently single, while 23.4% of the respondents are married.

The above-mentioned statistics are also illustrated in the diagrams below:

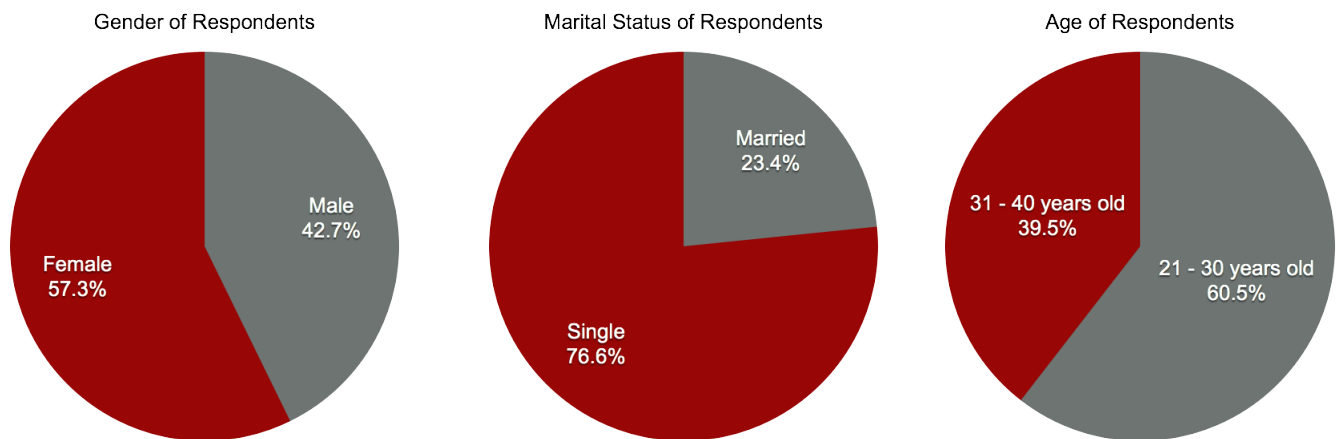


Figure 8.4.2: Respondent demographics

8.5 Regression Analysis

A regression analysis was performed with the results obtained from the survey, in order to determine the derived importance of the various latent constructs of satisfaction identified in both our secondary research and our focus groups. The constructs that are of high relative importance signals that these constructs are what Bata should focus on in order to increase customer satisfaction in their services. Most importantly, the correlation between the constructs and overall customer satisfaction is calculated and used to determine the viability of our regression model.

| Dependent Variable | Overall satisfaction of Bata |
|-----------------------|------------------------------|
| Independent Variables | Pricing |
| | Product |
| | Store Environment |
| | Store Locations |
| | Service |
| | Social Desirability |
| | Promotions |

Figure 8.5: Regression Analysis variable

8.5.1 Reliability Test (Using Cronbach Alpha)

| Construct | Cronbach Alpha | No. of Items |
|---------------------|----------------|--------------|
| Pricing | 0.702 | 3 |
| Products | 0.752 | 5 |
| Store Environment | 0.726 | 7 |
| Store Locations | 0.756 | 3 |
| Service | 0.850 | 6 |
| Social Desirability | 0.929 | 4 |
| Promotions | 0.953 | 2 |

Figure 8.5.1: Cronbach Alpha values

To measure our questionnaire reliability, we computed the Cronbach Alpha of final constructs and found all of them to have values above 0.7. Hence, we can conclude that all the constructs in our model are reliable and deemed ready for the validity test.

8.5.2 Convergent Validity Test

1. Pricing

| Correlations | | | | |
|--------------|---------------------|--------------------|--------------------|--------------------|
| | | QID4_9 | QID4_10 | QID4_11 |
| QID4_9 | Pearson Correlation | 1 | .136 | .821 ^{**} |
| | Sig. (2-tailed) | | .066 | .000 |
| | N | 184 | 184 | 184 |
| QID4_10 | Pearson Correlation | .136 | 1 | .373 ^{**} |
| | Sig. (2-tailed) | .066 | | .000 |
| | N | 184 | 184 | 184 |
| QID4_11 | Pearson Correlation | .821 ^{**} | .373 ^{**} | 1 |
| | Sig. (2-tailed) | .000 | .000 | |
| | N | 184 | 184 | 184 |

****.** Correlation is significant at the 0.01 level (2-tailed).

Figure 8.5.2: Pricing Pearson correlation and significance levels

2. Product

| Correlations | | | | | | |
|--------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | QID5_1 | QID5_2 | QID5_3 | QID5_4 | QID5_5 |
| QID5_1 | Pearson Correlation | 1 | .232 ^{**} | .424 ^{**} | .302 ^{**} | .507 ^{**} |
| | Sig. (2-tailed) | | .002 | .000 | .000 | .000 |
| | N | 184 | 184 | 184 | 184 | 184 |
| QID5_2 | Pearson Correlation | .232 ^{**} | 1 | .602 ^{**} | .058 | .456 ^{**} |
| | Sig. (2-tailed) | .002 | | .000 | .435 | .000 |
| | N | 184 | 184 | 184 | 184 | 184 |
| QID5_3 | Pearson Correlation | .424 ^{**} | .602 ^{**} | 1 | .215 ^{**} | .691 ^{**} |
| | Sig. (2-tailed) | .000 | .000 | | .003 | .000 |
| | N | 184 | 184 | 184 | 184 | 184 |
| QID5_4 | Pearson Correlation | .302 ^{**} | .058 | .215 ^{**} | 1 | .307 ^{**} |
| | Sig. (2-tailed) | .000 | .435 | .003 | | .000 |
| | N | 184 | 184 | 184 | 184 | 184 |
| QID5_5 | Pearson Correlation | .507 ^{**} | .456 ^{**} | .691 ^{**} | .307 ^{**} | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |
| | N | 184 | 184 | 184 | 184 | 184 |

****.** Correlation is significant at the 0.01 level (2-tailed).

Figure 8.5.2 (2): Product Pearson correlation and significance levels

3. Store Environment

| Correlations | | | | | | | | |
|--|----------------------------|------------|------------|------------|------------|------------|------------|------------|
| | | QID6 _1 | QID6 _2 | QID6 _3 | QID6 _4 | QID6 _5 | QID6 _6 | QID6 _7 |
| QID6 _1 | Pearson Correlati on | 1 | .135 | .251** | .099 | .283** | .507** | .470** |
| | Sig. (2-tailed) | | .068 | .001 | .180 | .000 | .000 | .000 |
| | N | 184 | 184 | 184 | 184 | 184 | 184 | 184 |
| QID6 _2 | Pearson Correlati on | .135 | 1 | .264** | .083 | -.118 | .114 | .285** |
| | Sig. (2-tailed) | .068 | | .000 | .263 | .110 | .124 | .000 |
| | N | 184 | 184 | 184 | 184 | 184 | 184 | 184 |
| QID6 _3 | Pearson Correlati on | .251** | .264** | 1 | .523** | .177* | .351** | .602** |
| | Sig. (2-tailed) | .001 | .000 | | .000 | .016 | .000 | .000 |
| | N | 184 | 184 | 184 | 184 | 184 | 184 | 184 |
| QID6 _4 | Pearson Correlati on | .099 | .083 | .523** | 1 | .513** | .381** | .000 |
| | Sig. (2-tailed) | .180 | .263 | .000 | | .000 | .000 | 1.000 |
| | N | 184 | 184 | 184 | 184 | 184 | 184 | 184 |
| QID6 _5 | Pearson Correlati on | .283** | -.118 | .177* | .513** | 1 | .498** | .299** |
| | Sig. (2-tailed) | .000 | .110 | .016 | .000 | | .000 | .000 |
| | N | 184 | 184 | 184 | 184 | 184 | 184 | 184 |
| QID6 _6 | Pearson Correlati on | .507** | .114 | .351** | .381** | .498** | 1 | .375** |
| | Sig. (2-tailed) | .000 | .124 | .000 | .000 | .000 | | .000 |
| | N | 184 | 184 | 184 | 184 | 184 | 184 | 184 |
| QID6 _7 | Pearson Correlati on | .470** | .285** | .602** | .000 | .299** | .375** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | 1.000 | .000 | .000 | |
| | N | 184 | 184 | 184 | 184 | 184 | 184 | 184 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | | |
| *. Correlation is significant at the 0.05 level (2-tailed). | | | | | | | | |

Figure 8.5.2 (3): Store Environment Pearson correlation and significance levels

4. Store Locations

| Correlations | | QID7_1 | QID7_2 | QID7_3 |
|---|---------------------|--------|--------|--------|
| QID7_1 | Pearson Correlation | 1 | .278** | .635* |
| | Sig. (2-tailed) | | .000 | .000 |
| | N | 184 | 184 | 184 |
| QID7_2 | Pearson Correlation | .278** | 1 | .752* |
| | Sig. (2-tailed) | .000 | | .000 |
| | N | 184 | 184 | 184 |
| QID7_3 | Pearson Correlation | .635** | .752** | 1 |
| | Sig. (2-tailed) | .000 | .000 | |
| | N | 184 | 184 | 184 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | |

Figure 8.5.2 (4): Store Locations Pearson correlation and significance levels

5. Service

| Correlations | | QID8_1 | QID8_2 | QID8_3 | QID8_4 | QID8_6 | QID8_7 |
|---|---------------------|--------|--------|--------|--------|--------|--------|
| QID8_1 | Pearson Correlation | 1 | .724** | .658** | .346** | .170* | .287** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .021 | .000 |
| | N | 184 | 184 | 184 | 184 | 184 | 184 |
| QID8_2 | Pearson Correlation | .724** | 1 | .506** | .383** | .475** | .520** |
| | Sig. (2-tailed) | .000 | | .000 | .000 | .000 | .000 |
| | N | 184 | 184 | 184 | 184 | 184 | 184 |
| QID8_3 | Pearson Correlation | .658** | .506** | 1 | .370** | .411** | .560** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 | .000 |
| | N | 184 | 184 | 184 | 184 | 184 | 184 |
| QID8_4 | Pearson Correlation | .346** | .383** | .370** | 1 | .626** | .579** |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 | .000 |
| | N | 184 | 184 | 184 | 184 | 184 | 184 |
| QID8_6 | Pearson Correlation | .170* | .475** | .411** | .626** | 1 | .772** |
| | Sig. (2-tailed) | .021 | .000 | .000 | .000 | | .000 |
| | N | 184 | 184 | 184 | 184 | 184 | 184 |
| QID8_7 | Pearson Correlation | .287** | .520** | .560** | .579** | .772** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | |
| | N | 184 | 184 | 184 | 184 | 184 | 184 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | |
| * . Correlation is significant at the 0.05 level (2-tailed). | | | | | | | |

Figure 8.5.2 (5): Service Pearson correlation and significance levels

6. Social Desirability

| Correlations | | QID9_1 | QID9_2 | QID9_3 | QID9_4 |
|--------------|---------------------|--------|--------|--------|--------|
| QID9_1 | Pearson Correlation | 1 | .710** | .784** | .638** |
| | Sig. (2-tailed) | | .000 | .000 | .000 |
| | N | 184 | 184 | 184 | 184 |
| QID9_2 | Pearson Correlation | .710** | 1 | .830** | .849** |
| | Sig. (2-tailed) | .000 | | .000 | .000 |
| | N | 184 | 184 | 184 | 184 |
| QID9_3 | Pearson Correlation | .784** | .830** | 1 | .793** |
| | Sig. (2-tailed) | .000 | .000 | | .000 |
| | N | 184 | 184 | 184 | 184 |
| QID9_4 | Pearson Correlation | .638** | .849** | .793** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | |
| | N | 184 | 184 | 184 | 184 |

****.** Correlation is significant at the 0.01 level (2-tailed).

Figure 8.5.2 (6): Social Desirability Pearson correlation and significance levels

7. Promotions

| Correlations | | QID12_1 | QID12_2 |
|--------------|---------------------|---------|---------|
| QID12_1 | Pearson Correlation | 1 | .910** |
| | Sig. (2-tailed) | | .000 |
| | N | 184 | 184 |
| QID12_2 | Pearson Correlation | .910** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 184 | 184 |

****.** Correlation is significant at the 0.01 level (2-tailed).

Figure 8.5.2 (7): Promotions Pearson correlation and significance levels

The model passes both the reliability and convergent validity tests, thus it is ready for regression analysis. When a good model fit and the absence of multicollinearity between constructs are established, we will proceed to look at constructs that hold significant absolute importance in our model and determine the measures that are driving these constructs.

8.5.3 Analysis of Variables

| Parameter Estimates | | | | | | |
|---------------------|----|--------------------|----------------|---------|---------|--------------------|
| Variable | DF | Parameter Estimate | Standard Error | t Value | Pr > t | Variance Inflation |
| Intercept | 1 | -1.96608 | 0.42708 | -4.6 | <.0001 | 0 |
| Price | 1 | 0.13406 | 0.06146 | 2.18 | 0.0305 | 1.704 |
| Product | 1 | 0.29109 | 0.054 | 5.39 | <.0001 | 1.95219 |
| Environment | 1 | 0.19185 | 0.07557 | 2.54 | 0.012 | 1.67892 |
| Location | 1 | -0.00562 | 0.07414 | -0.08 | 0.9397 | 1.58975 |
| Service | 1 | 0.23689 | 0.07888 | 3 | 0.0031 | 2.03809 |
| Social | 1 | 0.20857 | 0.0553 | 3.77 | 0.0002 | 1.56368 |
| Promotions | 1 | 0.3672 | 0.0509 | 7.21 | <.0001 | 1.61013 |

Figure 8.5.3: Analysis of Variables

To ensure that all constructs in our primary model are independent and are not correlated to one another, the variance inflation factor (VIF) of each construct is evaluated. With every construct having a VIF of less than 5, we can safely conclude that multi-collinearity between constructs is absent from our model.

| | | | |
|-----------------------|----------------|-----------------|---------------|
| Root MSE | 0.65983 | R-Square | 0.7468 |
| Dependent Mean | 4.08696 | Adj R-Sq | 0.7367 |
| Coeff Var | 16.14468 | | |

Figure 8.5.3 (2): Analysis of Variables

The adjusted coefficient of determination, R² value of 0.7367, showed that all 7 latent constructs had composed a good fitting regression model to measure customer satisfaction for the customer experience at Bata. The constructs explained 73.67% of the variation associated with customer satisfaction, which makes them good predictors of customer satisfaction.

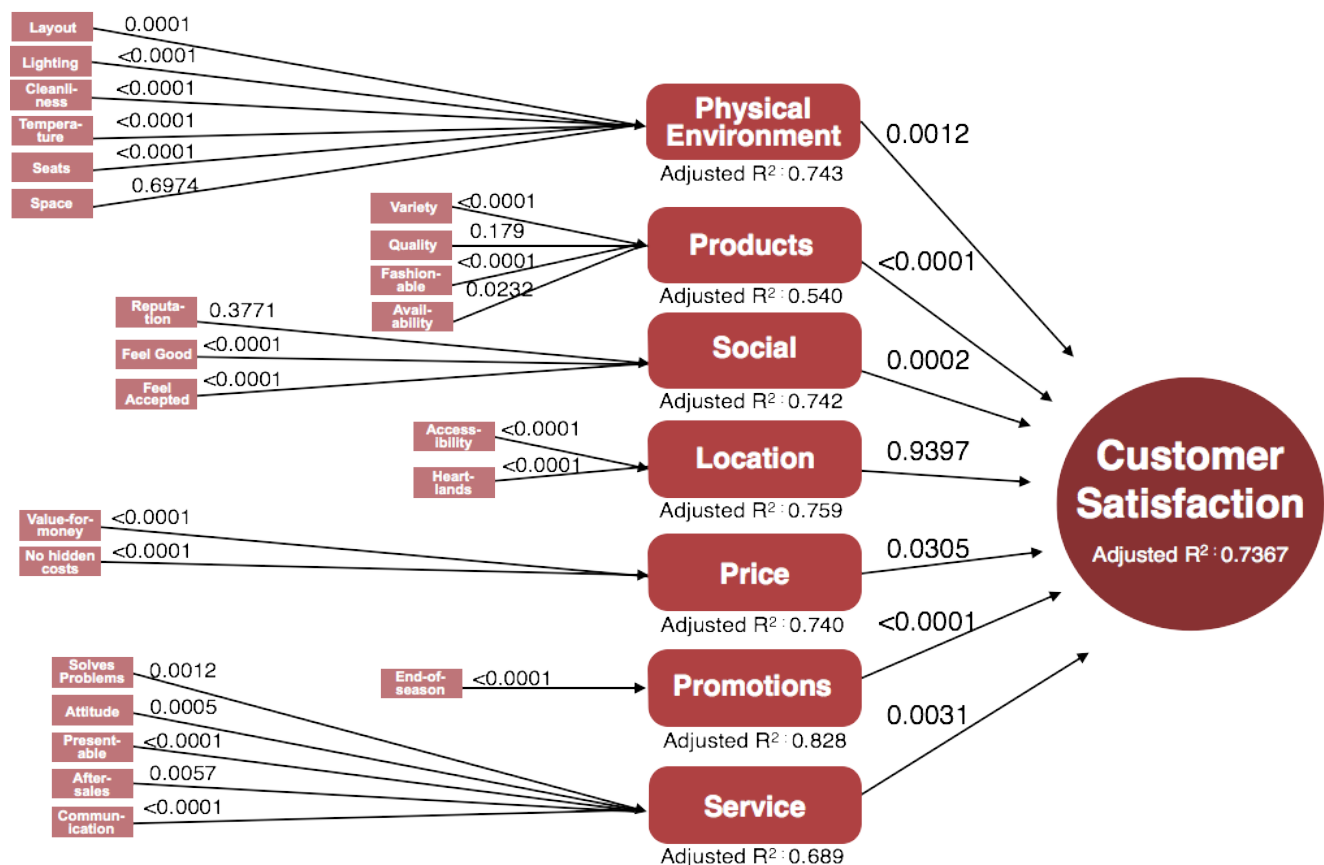


Figure 8.5.3 (3): Regression Analysis Model

Looking at the regression model shown in Figure 8.5.3 Analysis of Variables, given that the criteria decided on to determine constructs of significant importance is when p-value is less than 0.0005, 3 out of the 7 constructs, as illustrated by the pink shaded boxes, are identified to be of very significant importance. These 3 constructs thus play an important role in affecting the overall customer satisfaction.

Product and promotions are the two most important factors that affect overall consumer satisfaction, while location of the stores had the lowest importance. As for location, the placement of Bata shops for every provider is well dispersed, making Bata highly accessible to consumers. As such, we expected location to be of a lower relative importance with respect to customer satisfaction, which was reflected in the model. The social dimension is also critical in enhancing customer satisfaction. This is unsurprising as shoes plays an increasingly important part of one's outfit, especially with recent trends such as athleisure.

| Ranking | Variable | Parameter Estimate | Pr > t |
|---------|-------------|--------------------|---------|
| 1 | Product | 0.29109 | <.0001 |
| 2 | Promotions | 0.3672 | <.0001 |
| 3 | Social | 0.20857 | 0.0002 |
| 4 | Service | 0.23689 | 0.0031 |
| 5 | Environment | 0.19185 | 0.012 |
| 6 | Price | 0.13406 | 0.0305 |
| 7 | Location | -0.00562 | 0.9397 |

Figure 8.5.3 (4): Importance of constructs in driving customer satisfaction

Having determined the constructs that are of a higher relative importance in affecting overall customer satisfaction, we will be focusing on those that have a p-value of less than 0.01, as shown by the orange boxes, and are very significant drivers: product, promotions, social dimension and service.

Product

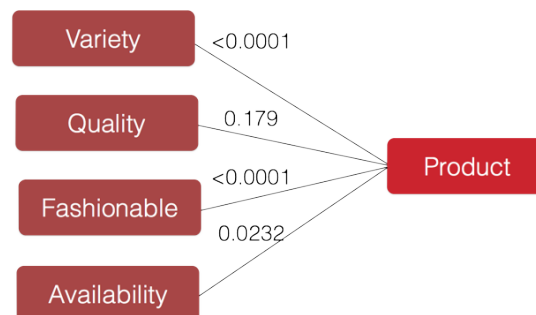


Figure 8.5.3 (5): Product attribute measures and significance level

For product, two out of four measures are very significant. Satisfaction stems mainly from variety of products and whether the product is fashionable.

Promotions

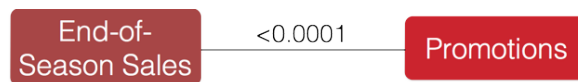


Figure 8.5.3 (6): Promotions attribute measures and significance level

Social Dimension



Figure 8.5.3 (6): Social attribute measures and significance level

For the social dimension aspect of customer satisfaction, there are two significant measure; feeling good and accepted by the people around them.

Service

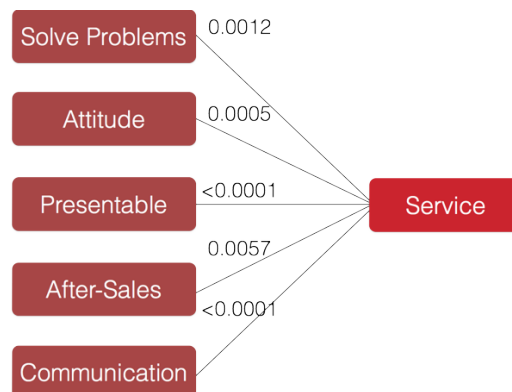


Figure 8.5.3 (7): Service attribute measures and significance level

As for the service quality of staff at Bata, all of the measures are very significant.

8.6 Importance-Performance Chart of all constructs

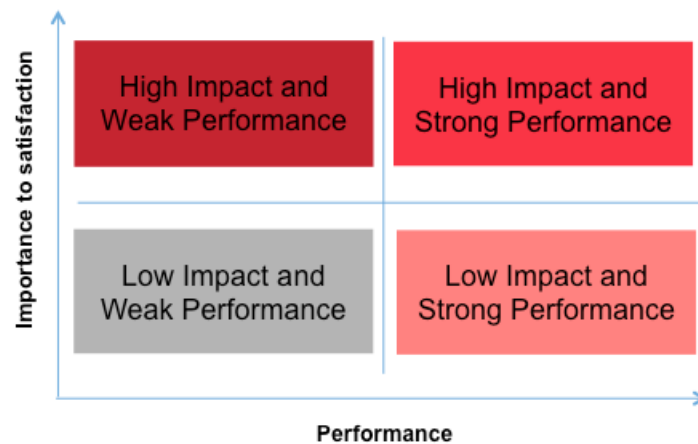


Figure 8.6.1 Importance-Performance Chart Model

Importance-Performance Chart of all constructs

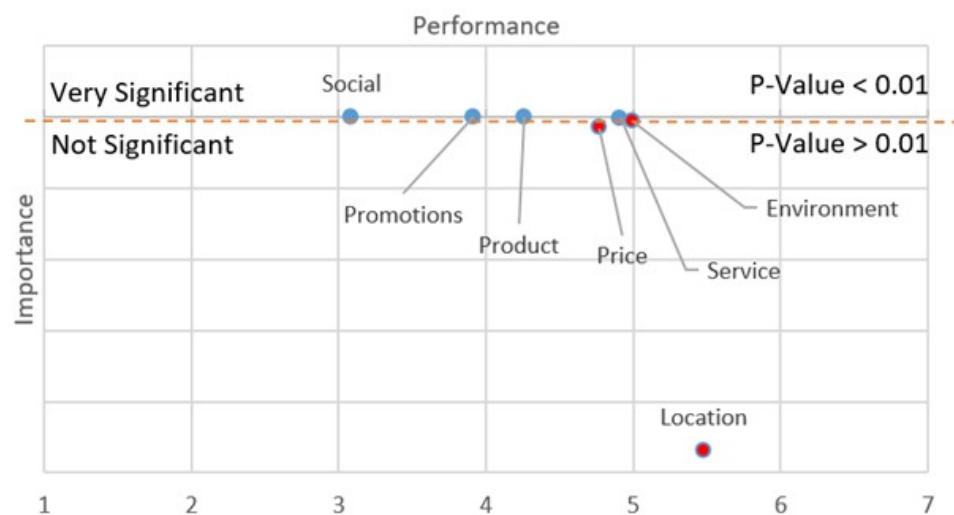


Figure 8.6: Overall constructs Importance-Performance Chart

From the Importance-Performance Chart, the constructs 'Environment', 'Price' and 'Location' in red have p-value > 0.01 and are thus insignificant. The constructs in blue have p-value < 0.01 and are very significant. 'Promotions', 'Product', 'Service', 'Social' are determined to be very significant and are highly important as seen from the chart. The performance of the construct 'Social' is clearly lacking and presents an issue which we must look into.

Product

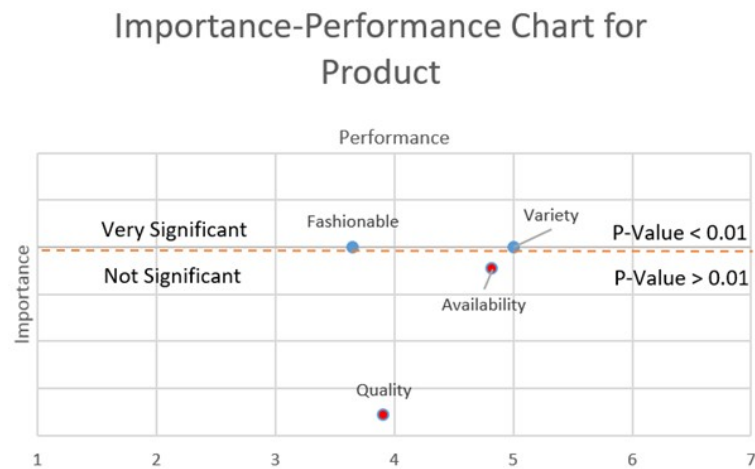


Figure 8.6 (2): Product measures Importance-Performance Chart

From this chart, the measures in red are insignificant as they have $p\text{-value} > 0.01$. 'Fashionable' and 'Variety' are very important to the customers, but the performance of 'Fashionable' is very low. Thus Bata should aim to make its products more 'fashionable' to appeal to the customers more. The performance of the 'Variety' is high but has room for improvements too.

Promotion

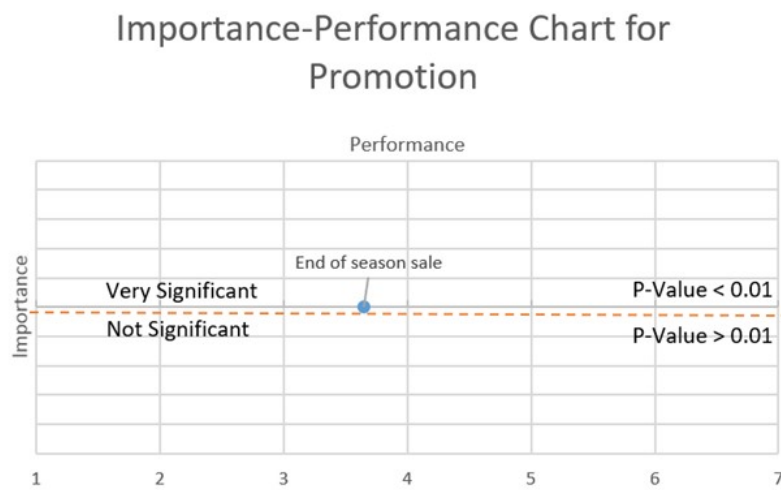


Figure 8.6 (3): Promotion measures Importance-Performance Chart

From this chart, respondents determine that end-of-season sales are very important and yet Bata is performing below average on it. Thus Bata needs to realize the importance of such sales and position itself strategically when season ends.

Social

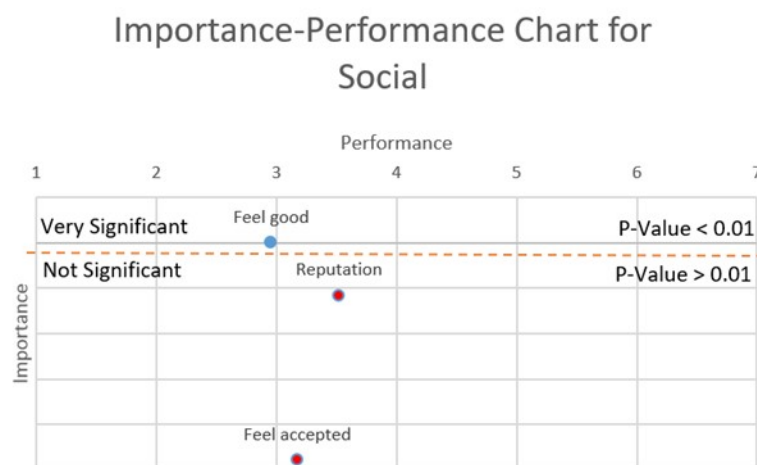


Figure 8.6 (4): Social measures Importance-Performance Chart

From this chart, 'Reputation' and 'Feel accepted' are insignificant as its p-value > 0.01 . The 'Feel good' measure is very important and is doing really badly in performance. Thus Bata

needs to seriously increase its social dimension of its products, which we will address this in our recommendations.

Service

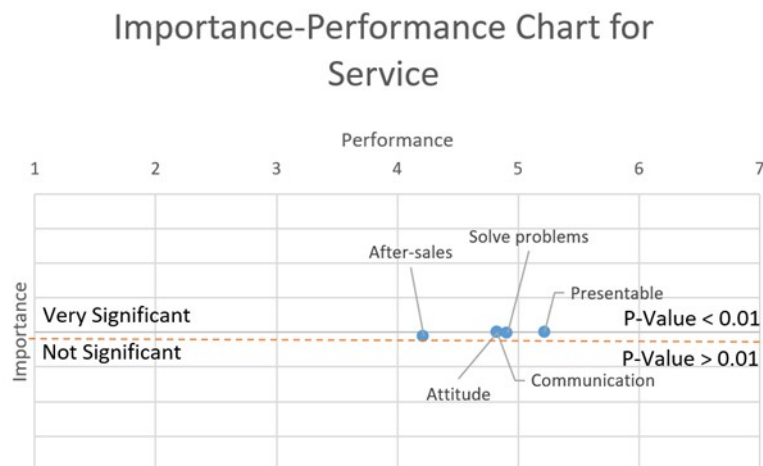


Figure 8.6 (5): Service measures Importance-Performance Chart

From this chart, all of the measures are significant. The 'After sales' service measure is performing comparatively worse than the others, meaning that Bata needs to strengthen this aspect of service and not just neglect customers after they have purchased something. This will be further elaborated in our 'Scenes and acts' and recommendations will follow pertaining to the improvement of the service in stores.

8.7 NPS Economics

The survey revealed the following:

% of Promoters: 22.1%

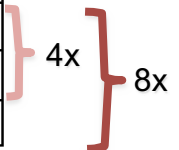
% of Passives: 61.3%

% of Detractors: 16.6%

NPS Score = 22.1% - 16.6% = 5.5%

Through the survey findings, it was identified that the current net promoter score is 5.5% as seen in the calculations above. Furthermore, we also added a question to measure the customer's likelihood to purchase from Bata again. From Figure 8.7 below, we are able to tell that Bata enjoys the greatest probability of repurchase from promoters, followed by passives and finally, detractors. We are also able to see that promoters are approximately 4 times more likely to repurchase than passives and 8.3 times more likely as compared to detractors.

| Net Promoter Segment | Likelihood of Continuing to Purchase | |
|----------------------|--------------------------------------|-------------------|
| | 0 to 8 (Not Likely) | 9 and 10 (Likely) |
| Promoter | 8% | 92% |
| Passive | 77% | 23% |
| Detractors | 89% | 11% |



The diagram shows a bracket between the 'Likely' percentages of Promoter (92%) and Passive (23%) labeled '4x'. Another bracket is shown between the 'Likely' percentages of Promoter (92%) and Detractors (11%) labeled '8.3x'.

Figure 8.7: Likelihood of Continuing to Purchase

The weighted average score was tabulated to show the current likelihood of repurchase of Bata's customers. The total value of 36.26% shows that approximately 2 out of 5 existing customers would mostly repurchase something from Bata again.

| Net Promoter Score | Net Promoter Segment | Continue to Purchase | Weighted Average |
|--------------------------|----------------------|----------------------|------------------|
| Promoter | 22.1% | 92% | 0.2033 |
| Passive | 61.3% | 23% | 0.1410 |
| Detractors | 16.6% | 11% | 0.0183 |
| Total (weighted average) | 22.1% - 61.3% = 5.5% | | 0.3626 |

Figure 8.7 (2): NPS economics current situation

| Net Promoter Score | Net Promoter Segment | Continue to Purchase | Weighted Average |
|---------------------------------|-----------------------------|----------------------|------------------|
| Promoter | 23.1% | 92% | 0.2125 |
| Passive | 60.3% | 23% | 0.1387 |
| Detractors | 16.6% | 11% | 0.0183 |
| Total (weighted average) | 23.1% - 16.6% = 6.5% | | 0.3695 |

Figure 8.7 (3): NPS economics situation (converting Passive to Promoter)

| Net Promoter Score | Net Promoter Segment | Continue to Purchase | Weighted Average |
|---------------------------------|-----------------------------|----------------------|------------------|
| Promoter | 23.1% | 92% | 0.2125 |
| Passive | 61.3% | 23% | 0.1410 |
| Detractors | 15.6% | 11% | 0.0172 |
| Total (weighted average) | 23.1% - 15.6% = 7.5% | | 0.3707 |

Figure 8.7 (4): NPS Economics situation (converting Detractor to Promoter)

From Figure 8.7 (3) and 8.7 (4), once a passive is converted to a promoter, the likelihood of customer re-purchasing from Bata would be 1.9 times higher and 2.2 times highly if converted from a detractor.

9.0 KEY CHALLENGES

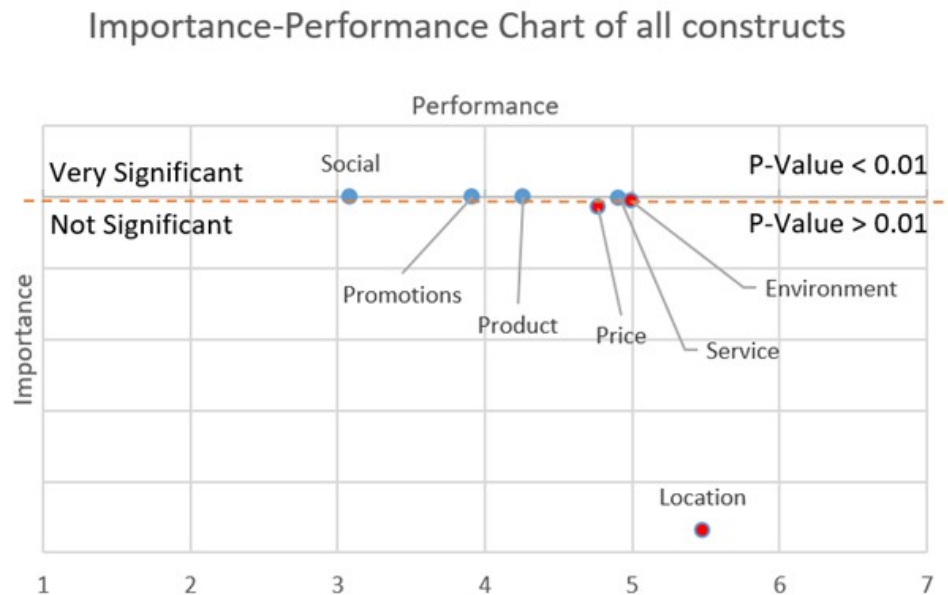


Figure 9.0: Overall constructs Importance-Performance Chart

From the Importance-Performance Chart of all constructs, the group identified the constructs which are deemed important to Bata's customers are 'Social', 'Promotions', 'Products' and 'Service'. They are asked on a seven-point modified Likert scale. The questions from the survey can be found in Appendix.

On the 'Performance' axis, the average 'Overall satisfaction' scores of the constructs are placed so as to identify areas of deficiency. The 'Service' construct of Bata's customer satisfaction is doing reasonably well, with a score of close to 5. The 'Social' construct is performing the worst, followed by 'Promotions' and then 'Product'. Hence, specific recommendations will address these issues.

Bata should prioritise the improvement of the 'Social' construct as this has dire, extensive repercussions on the customer referral value (CRV) and the customer lifetime value (CLTV). Customers lacking proud ownership of the products are not likely to recommend them. The absence of desire for association to the brand means that the customers are not like to repurchase.

10.1 CRM STRATEGY

10.2 CRM Vision

After identifying the gaps that Bata faces, it is proposed that Bata should aim:

- To become the customers' retail destination of choice by creating long-standing relationships
- To attract, retain and develop the best people through leadership, high performance standards, respect for diversity and equal opportunities for professional growth
- To remain the most respected footwear company by being social responsible and ethical

Bata's top management should ensure that the CRM vision will be communicated to all levels of management. It will be crucial for the front facing staff members to support the company's direction and execute as intended.

10.3 Critical Success Factors (CSFs)

10.2.1 Buy-in of senior management

CRM implementation goes beyond technology. It requires the collaboration of employees, technology and processes. Hence, the senior management has to be the key driver of successful CRM implementation. In Bata's case, the current business approach is most likely to be of product orientation. As senior management are often the driver of culture and opinion, their commitment is essential to shift the business approach to be more customer-oriented.

Furthermore, it is essential that all resistance towards implementation are dealt with. Senior management have to lead by example by adapting to the new challenges themselves. This can complement formal internal marketing messages, which stresses on the benefits and reasons for implementation. One of the ways to ensure alignment would be for the senior management to create the adhocracy culture from the as seen from the competing values model illustrated below. This involves having an external focus, as well as empowering employees with the authority to make service related decisions, such as helping customers

make a swap if they approach them with defect goods. This empowerment will motivate the employees to go the extra mile for Bata's customers.

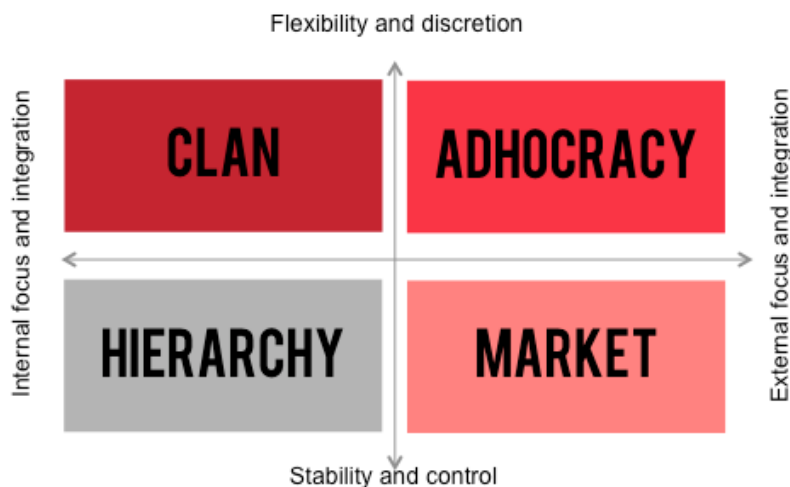


Figure 10.2.1 Cameron and Quinn Competing Values Model

One of the ways to convince top management to support the CRM strategy would be to illustrate the economics of NPS, since every 1% movement of customers from “passive” to “promoter” result in a 1.9% increase in profits, and a 1% shift of customers from “detractor” to “promoter” will result in a 2.2% increase in profits.

These strategies will assist Bata with easing the organization to align with the new CRM goals.

10.2.2 Support for Operational Management

Sound IT infrastructure and support are important to ensure that the CRM strategies can be carried out successfully. There should be a careful selection process to choose the right CRM software to ensure that the chosen software is the most cost efficient and has the right functionalities that helps Bata achieves its CRM objectives. There should also be appropriate training done for the relevant staff members so that they are well-equipped with the skills.

10.2.3 Customer Information Management

All the recommendations would not be possible if Bata does not collect information on its customers so as to track the impact as well as discover new insights which will support existing CRM strategies. Examples of such data would include the feedback from customers that can be collected at the cashier of every Bata store. To ensure up-to-date information, data collection processes should be integrated into its daily operations and

procedures should be in place to ensure that these data are analyzed and shared across the various departments so as to prevent the teams from functioning in silos.

11.1 PILLARS AND OBJECTIVES

11.2 Linked activities map

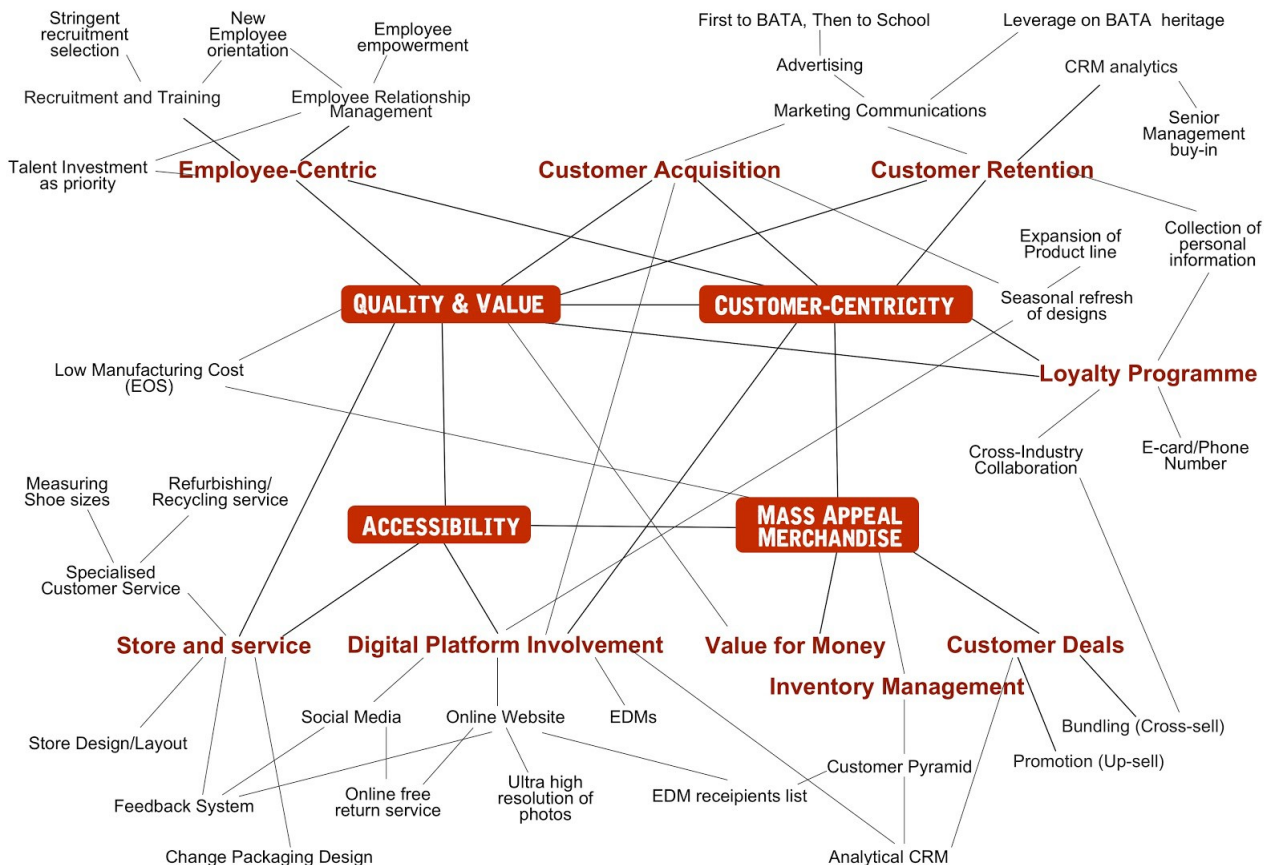


Figure 11.1: Bata revised Linked Activities map

Through insights derived from research, a linked map was crafted to represent the customer experience Bata customers can expect to benefit from. The linked map highlights four pillars which supports a tailored holistic experience: Quality & Value, Customer-Centricity, Accessibility and Mass-appeal merchandise. Each pillar is interconnected with tiered-recommendations. Ultimately, the map illustrates the intensive role each pillar plays in enhancing the entire customer experience infrastructure.

11.3 Description of Key Pillars

Quality and Value

This pillar plays a key role on shaping the key customer touchpoints to drive customer satisfaction. To achieve this goal, it centres around delivering a quality customer experience via employee-centric policies, in-store experience and creating great value via low manufacturing costs.

Customer-Centricity

This pillar ensures that Bata prioritises consumers' needs and hot buttons, constantly evaluating and driving Bata customer's Lifetime value and Referral value. This is done by intensive customer acquisition via marketing communications, CRM analytics and loyalty program implementations. Bata have to improve information collection and connectivity within the company itself.

Accessibility

This pillar aims to maximise the consumer experience in their extensive network of physical store and online platforms. This can be done by enhancing customer service, customer feedback opportunities and online platforms. Bata is able to create a consistent comprehensive quality experience through products and service.

Mass-appeal merchandise

This pillar reinforces Bata's core value proposition of being able to respond to the unique needs and wants of the local customers. Through inventory management, exclusive collaborations with other product/service providers and re-evaluation of bundling promotions, BATA can develop holistic products for the mass market.

12.1 Customer Pyramid Analysis

12.2 Customer Scoring Mechanism

Bata currently has a membership program. However, it is unclear if they are collecting and/or utilising customer data for strategic purposes. For Bata to build and maintain profitable relationships with customers, it is essential for Bata to obtain useful customer insights. In short, employing the use of analytical CRM enables Bata to categorise existing customers into Diamonds, Rubies and common stones. Due to the nature of Bata's products and business, the customer scoring mechanism is constructed as such:

| Mechanism | Weightage | Justification |
|--|------------------|---|
| Total Lifetime Purchase | 0.4 | Bata is in the business of shoes - a wearable goods that have to be replaced overtime. Hence, it is reasonable to score customers by estimating the total amount of future purchases. The difference between goods (E.g. dress, casual) and lifecycle (E.g. single professional, parent) can influence the estimated amount of purchase. Hence, parents with children who are expected to purchase footwear for self and dependents are rated the highest. |
| Frequency of purchase | 0.2 | As shoes are functional and fashion goods, an average consumer is expected to own more than a pair of shoes. The existence of strong competitors may mean that Bata do not have the entire share of customers' wallets. Therefore, customers that purchases from Bata on a higher frequency - either to replace worn footwear and/or choosing the brand for all types of functional shoes are rated the highest. However, this mechanism is given a lower weightage than the other two as the frequency of purchase may be highly subjective. |
| Length of time customer remains | 0.4 | Parents with children are stuck in a differing circumstance. Parents are forced to purchase school shoes as they are often a mandatory part of school uniform. Hence, it is reasonable to assume parents will make recurring purchases during their children's primary/secondary school- |

| | | |
|--|--|---|
| | | going years. By keeping track of the children's level of education, Bata can estimate the length of time the customer will remain. This rate customers with young children in the highest tiers as their number of active years with the brand is predictable and their contribution to Bata's profit can be said to be stable. |
|--|--|---|

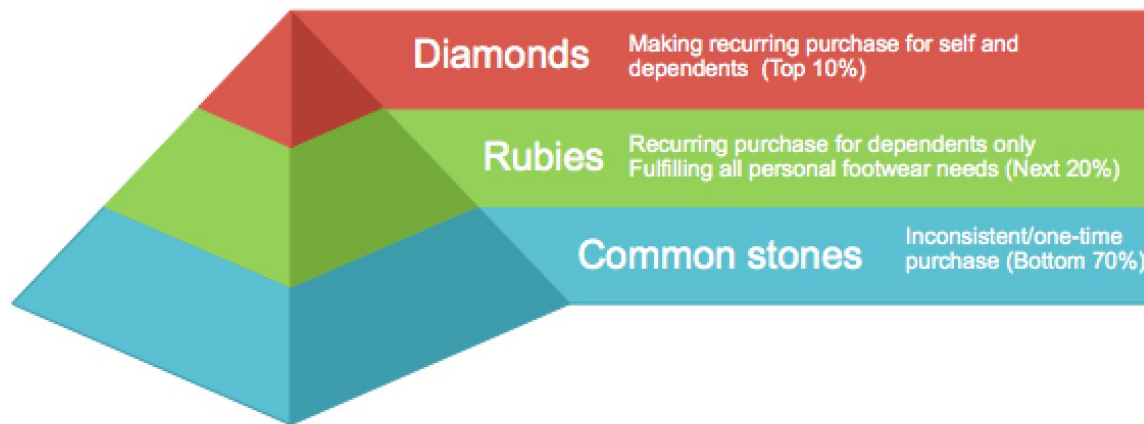


Figure 12.1 Bata Customer Scoring Mechanism

By using the proposed scoring mechanism, the customer segments that will fall into the respective categories are:

Diamonds

Family Buyers: Consistent needs for school shoes lead to high and predictable CLTV. Parents also purchase footwear for themselves during visits. Parents may promote the brand to other parents as school shoes are a compulsory part of every set of school uniform. Hence, high CRV.

Rubies

Fashionable professionals: May own multiple pairs of shoes with different stylings. These rising trend of 'athleisure' may also mean that these customers may purchase Bata's line of performance footwear for fashion reasons. Hence, their CLTV is high despite they are only consuming for themselves. This segment has potentially high CRV if their opinions on fashion are valued by their personal networks.

School shoe buyers: Predictable and consistent buying pattern of school shoes. However, they personally do not want to purchase Bata shoes for themselves. High and predictable CLTV but lower in CRV.

Common Stones

Traditionals: This segment may not own more footwear than what is absolutely necessary - for casual and professional wear. They will simply buy what seems to 'work'. Hence, their CLTV and CRV is expected to be low.

By learning who their customers are, Bata can better manage them with specialized strategy.

12.3 Customer Loyalty

Aside from categorizing customers into diamond, rubies and common stones, Bata should not mistake recurring purchase as actual loyalty. As the current market leader in children shoes, Bata should identify those parents that made mandatory purchase of school shoes without actual emotional attachment to the brand.

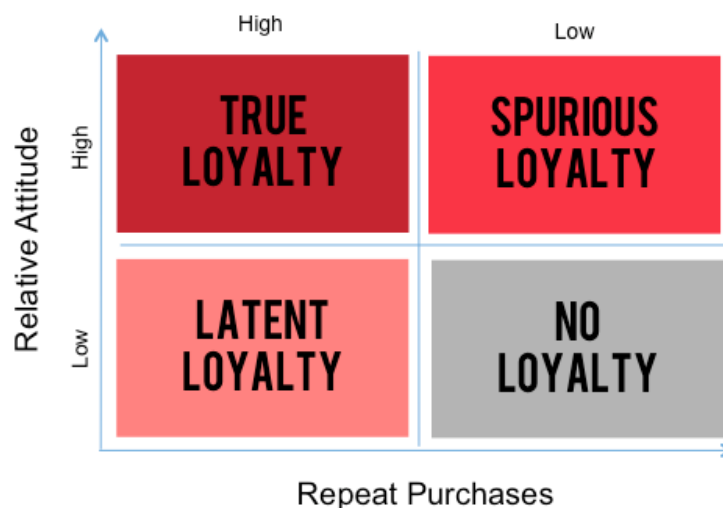


Figure 12.2: Dick and Basu's loyalty model

Using Dick and Basu's two-dimensional model of customer loyalty, Bata can identify the spurious loyals. To be in the business of making only good profits, Bata have to develop strategy to attain both affective and behavioral commitment from these recurring purchasers. CRM implementation can be a first step for Bata to learn more about them. An example would be to reduce hassle for parents by keeping records of their previous

purchase. Staff can deduce which model, number of pairs and potential sizes the parents would be interested in.

13.1 RECOMMENDATIONS

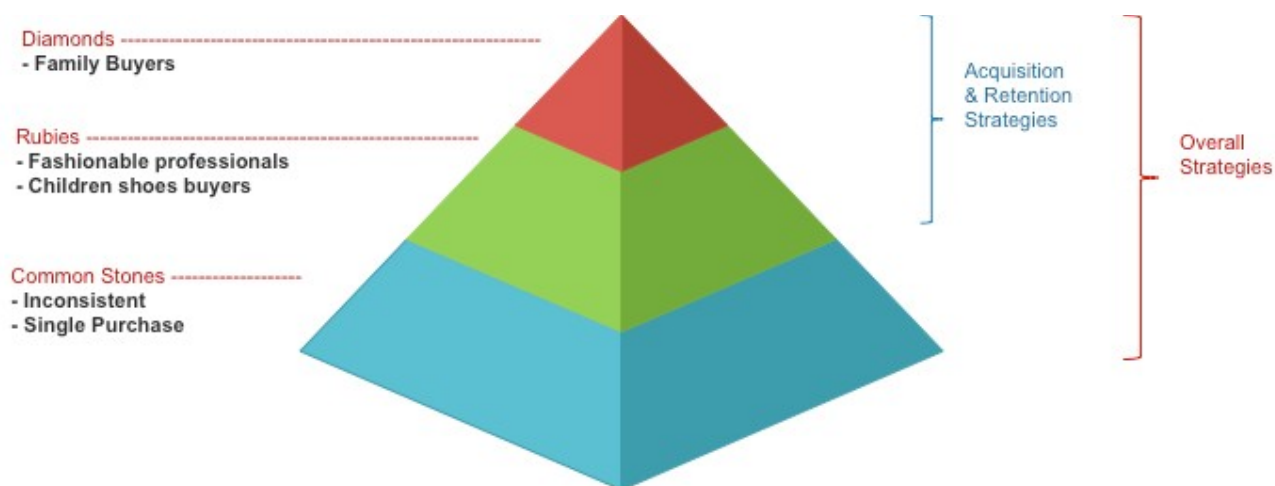


Figure 13.1: Customer Pyramid

As seen from Figure 13.1, the group identified the importance of having targeted strategies, and are recommending that Bata focuses on acquiring and retaining customers that fall under the “Diamonds” and “Rubies” categories.

13.2 Customer Acquisition

| | Market share (%) | | | | |
|---------------------|------------------|------|------|------|------|
| Category | 2011 | 2012 | 2013 | 2014 | 2015 |
| Men's footwear | 8.7 | 8.5 | 8.8 | 9 | 9.1 |
| Women's footwear | 2.2 | 2.1 | 2.2 | 2.4 | 2.4 |
| Children's footwear | 22.4 | 22 | 22.7 | 23.2 | 23.6 |
| Sportswear | 7 | 6.4 | 6.5 | 6.6 | 6.5 |
| Total | 5.3 | 5.2 | 5.4 | 5.6 | 5.7 |

Figure 13.1 Table showing Bata's market share (%) in Singapore

As seen in Figure 13.1, the market share for Bata for men's and women's footwear are significantly lower than that of children's footwear. There is hence a huge potential for growth in these segments. Furthermore, due to the highly competitive footwear retail landscape and prevalent need for footwear, it is highly likely that most customers within the

target segment are new to the company, rather than new to the product category. Therefore, our acquisition strategies are targeted at

13.2.1 Conversion Model of Jan Hofmeyr

Before acquisition plans are given the green light, it is imperative that Bata understands their customers better in terms customer loyalty profile. By objectively reviewing the proportion of committed versus non-committed customers Bata currently boasts versus the proportion captured by competitors, we can identify the risks undertaken if Bata takes an aggressive acquisition stance.

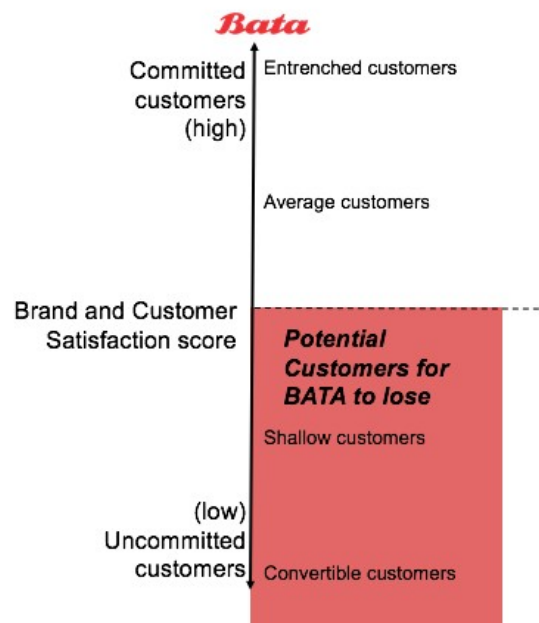
The conversion model of Jan Hofmeyr enables companies to identify the potential losses and gains in in the event of head-on competition with competitors. However the model includes analysis of competitor brand customers as a direct comparison and retail information is proprietary knowledge which is not publicly shared. As such, to accurately represent competitors' consumer loyalty, data collection and analytics is required. We propose to kick start an annual Bata-commissioned brand and customer satisfaction survey, where behavioral and attitudinal loyalty is captured on mass-market levels.

The Bata-commissioned brand and customer satisfaction survey should attempt to collect relevant data on behavioral and attitudinal loyalty:

- Recency of purchase
- Frequency of purchase
- Monetary value of purchase
- Net Promoter Score
- Customer satisfaction levels

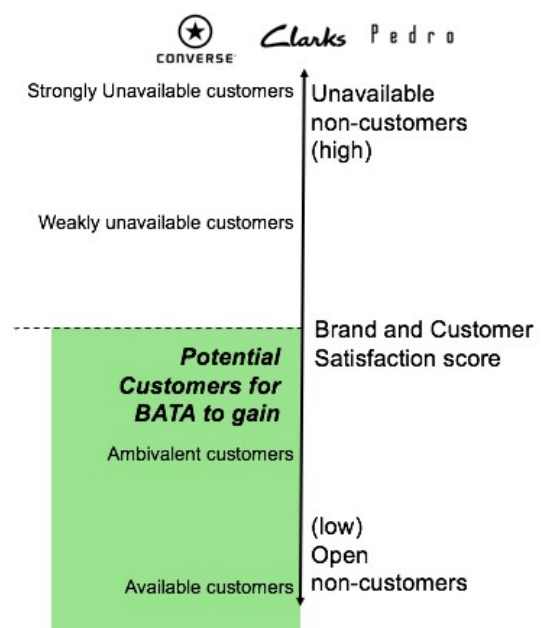
Survey interview quotas on Bata and three other top competitors should be set proportionately in terms of market share. Reporting should deliver a cumulative score derived based on researched weighted variables.

Ultimately, each participant of the survey will be scored and plotted on a scale as featured below. Bata internally should recognise that the scoring scale is a fixed threshold; the proportion of customers allocated each customer commitment bin is representative of customer profile Bata currently serves. The objective is to understand whether Bata has a profile that is characteristic of more committed customers than uncommitted customers or if it is inversely true.



| Bata customers | Convertible customers | Shallow customers | Average customers | Entrenched customers |
|----------------|-----------------------|-------------------|-------------------|----------------------|
| Scoring Scale | 0 - 5 | 6 - 7.5 | 7.5 - 9 | 9 - 10 |

A similar scale will be scored on the top identified competitors that Bata directly competes with although with inverse labels. The clustering of consumers around available and ambivalent customers here is much more beneficial to Bata than if the clusters are around unavailable non-customers.



| Competitor labels | Available customers | Ambivalent customers | Weakly unavailable customers | Strongly unavailable customers |
|--------------------------|----------------------------|-----------------------------|-------------------------------------|---------------------------------------|
| Scoring Scale | 0 - 5 | 6 - 7.5 | 7.5 - 9 | 9 - 10 |

The tool identifies the customer profiles of Bata and its competitors so this market information enables management to make strategic acquisition decisions. The aim is to identify risks involved with launching an aggressive acquisition campaign; in the event of retaliation, what is the potential of losing more customers compared to gaining?

Possible scenarios:

| Customer Profiles scoring | Convertible customers (0 - 5) | Shallow customers (6 - 7.5) | Average customers (7.5 - 9) | Entrenched customers (9 - 10) |
|----------------------------------|--|--|--|--|
| Bata customers | 30% | 35% | 20% | 15% |
| Competitor 1 | 10% | 26% | 40% | 24% |
| Competitor 2 | 26% | 33% | 25% | 16% |
| Competitor 3 | 53% | 35% | 7% | 5% |

Competitor 1: Highly unadvisable, will lose more customers than gained.

Competitor 2: Very uncertain, similar customer profiles with Bata

Competitor 3: Highly rewarding, will gain more customers than lost

Ultimately, only if the number of open non-customers is greater than the number of uncommitted customers, should Bata focus on customer acquisition.

13.2.2 Customer Acquisition Recommendations

In order for Bata to go about attracting competitors' customers, there is a need for appropriate marketing communications tailored based on customer insights extensively. The customer experience needs to be tailored and focused on delivering value.

We propose for acquisition strategies to be focused on customers who fall under the "Diamonds" and "Rubies" category as identified by our team's formulated scoring system, namely the Family Buyers, Fashionable Professionals and Parents who purchase school shoes regularly.

With Bata's new brand DNA as created by our team, acquisition plans will be targeted towards the Fashionable Professionals due to the significant market size they represent. They have higher purchasing power and frequency of purchase as well, generally looking out for quality at reasonable prices. This customer profile directly fits Bata's value proposition to delivery quality and value.

Based on our primary research on the appropriate target segment, we have uncovered that the top brand choice drivers are **product, promotions, social and service**. Product and promotions are the two most important factors that affect overall consumer satisfaction.

Aggressive advertising campaign: *We Meet Again, Bata*

In order to influence consumers' perceptions towards Bata (Product), we need to create an aggressive advertising campaign utilising omni-channels, both online and offline.

To improve customers' perception of the Bata brand, extensive marketing communications will be pushed out to raise awareness of Bata's origins in the campaign *We Meet Again, Bata*. By tapping on Bata's heritage as a European brand, we can attempt to associate the brand with quality and upscale brands. The big idea behind *We Meet Again, Bata* is to reconcile Bata with Singapore's fashionable professionals today of whom majority would have worn Bata school shoes during their schooling years. The key message is to highlight Bata's new brand image that Bata has evolved into a sophisticated, clean-cut, confident brand just as the professionals have matured over the years. This creates relevance for Bata in the new competitive retail landscape and allows the brand to connect with the

episodic childhood memories professionals have accumulated previously, to re-establish the valuable relationships of the past.

The campaign can be publicised through targeted magazine advertisements (Her World, Nylon), targeted social media via analytics (Facebook, Tumblr, Twitter) and EDMs to existing loyalty programme members. The campaign will be largely skewed towards the 21 - 40 year olds who have the most exposure to Bata during earlier years. With appropriate budgeting plans, the advertising campaign can be managed by a Bata-commissioned agency.

Analytical - Tracking online to offline purchase

For online advertisements leading to offline purchase, Bata can track such scenarios by making the customer show the promotional advertisement on their mobile phones which is unique to where the mobile consumers view the advertisement. For example, if the consumer is driven by the advertisement as seen on Facebook to purchase from Bata's retail store, then he/she can simply show the Bata Facebook page to enjoy discounts/freebies at the physical store. Success of this campaign can be measured using number of redemptions of freebies or discounts from Bata's social media pages

Delivering Value

End-of-season sales (Promotion) are highly coveted by working professionals as it enhances the value of Bata products to them. Bata can join in Singapore's annual Great Singapore Sale event to drive value and customer satisfaction, while keeping on par with other retail outlets. This is a significant island-wide sales period, which could potentially drive new traffic into Bata's stores. This is highly relevant due to the numerous stores Bata has all around Singapore, especially within city malls where Bata is able to penetrate and break through to be included within the consumers' consideration set.

Retail vouchers can also be provided at the application of loyalty memberships in addition to existing value to further incentivise consumers.

Referral Programmes

Based on our primary research, we have uncovered a significant driver of customer satisfaction to be the Social dimension, whereby consumers value feeling good and being accepted by people around them (Social).

To increase the social value of Bata's brand, Bata management could encourage existing loyal customers to increase their company referral value through customer referral programmes. Sales attendants within the outlets can act as walking advertisements to this initiative and the programme could function as an add-on to currently pre-existing loyalty programme. To incentivise customers to do so, the best customer referral programs benefit both the referrer and the referee. Such benefits could be a 20% dual discount given immediately to both parties, tiered rewards such as CapitalLand vouchers or Free Restaurant meals for two (i.e. Din Tai Fung) or Lucky Draws to win two persons trip to Maldives which build on social interaction. Bata can also use analytics to identify the effectiveness of the initiative based on number of new referred loyalty sign-ups and sign-up trends.

As for the service quality of staff at Bata; with an extensive recruitment and training process, Bata can strive to provide high-reliability, standardised service throughout all stores in Singapore.

Overall, Bata can be reassured of convincing customers of Bata's quality and value. The ultimate aim would be to insert Bata into customers' consideration set, eventually achieving a certain percentage of share of wallet (KPI). Beyond this stage, customer retention would step in to maximise customer valuation.

13.2 Customer Retention Recommendations

Improving customer retention is an important objection for many CRM implementations, it is estimated to cost a business five times more to acquire a new customer than to retain a customer. However, it will also be costly or ineffective attempt to maintain relationship with all Bata's customers. Hence it is crucial for Bata to maintain relationships with value-adding customers. Bata can utilise positive customer retention strategies such as adding customer perceived value, creating customer delight and building value-based bonds.

13.2.1 Increase Customer Perceived Value

Current Loyalty Program

Bata Club Loyalty Program is a card-less (ID and mobile number) based loyalty program designed exclusively for Bata loyal customers. With minimally \$30 in-store purchase to register as a member (1-year) which will entitle them with: \$10 voucher (next purchase min \$30), 20% off on birthday months (1-time purchase), earn and redeem points and receive exclusive deals.

As the membership is on a yearly basis, it would be hard for Bata to collect customer data to differentiate the various customer group into Diamonds, Rubies, Common stones. Hence the current loyalty can be revamped to enable Bata to capture customer's data as well as creating social bonds and building customer engagement.

New Loyalty Program

Upon membership registration, Bata would collect personal particulars and even collect data on their shoe sizes, their children's age and shoe size if any. This would enhance their future shopping experience as staff members can retrieve members' data and deliver shoes of their fit on their first try. With the information on their children's age and size, Bata staff member can estimate the right size even as they grow up. In the event the parent is shopping alone without their children, purchasing could also be done as previous size data are available. This would reduce the chances of wrong buys and the need to exchange shoe sizes.

The discount given through the membership should be more visible and on a regular basis to encourage more return purchases. All members should be entitled to 5% discount on all non-sales item. Bata should not restrict membership to be only for a year, instead their membership should last if their previous purchase is within a year. This would then encourage constant purchase and more purchases.

Bata can also consider having joint membership with Popular Bookstore. From the group's secondary research, Bata has approximately $\frac{1}{4}$ of the market share in children's shoes. Popular Bookstore is the go-to place for most student stationery and books hence shares a similar segment as Bata. Through a partnership with Popular such as having "Back-to-

School” promotions, Bata can attract current Popular members to consider purchasing Bata products to enjoy the discount benefits.

Product Bundle Promotion

As parents purchase shoes for their children in preparation for a new school term, Bata can encourage or upsell them with bundle promotions. One such promotion could be offering 15% discount on all adults’ footwear with any purchase of a pair of student school shoes. The exact promotion discount need to be further analysed to ensure that the discount offered is enticing enough and conditions can be reasonable met. With any sale promotion in place if done properly can definitely add value to the customers.

Refurbishing Services

Bata can also offer basic refurbishing service on school shoes, such as gluing the sides which may have detached due to wear and tear, leaving it as good as new. This would definitely extend the lifetime of the shoes, further delighting the customers and build bonds with their customers.

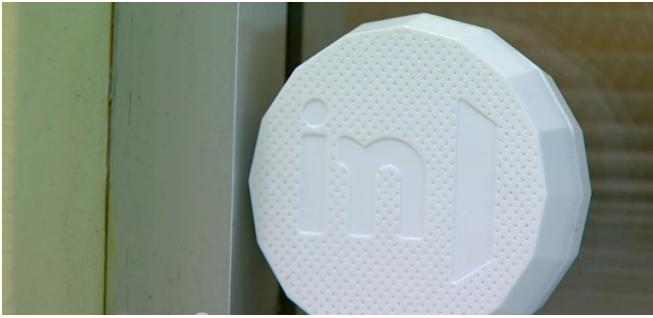
13.2.2 Creating Customer Delight

Delighting customers, or exceeding customer expectations, would mean that Bata has to go beyond the normal satisfaction level of customers.

Sole Specialist Partnership

As identified above, Bata’s diamond and rubies customer are parents who consistently purchase shoes for their children. Bata can consider engaging sole specialist to assist with children with sole problems. Through providing the best fit sole for a child’s feet will ensure a healthy growth and prevent bad posture in the future. Such service is already widely available hence Bata can consider a partnership with businesses such as FeetCare Singapore. If Bata were to bring in their service to the stall, it can encourage more sales and delight the customers.

Beacon Technology



Beacons placed in stores can allow Bata's sales associates to identify the diamonds, rubies and common-stones and cater appropriate services to them. Signals would be sent from the customers' mobile to the sales associate with information such

as demographics and items previously purchased. The sales associate can enquire on the condition of previous purchased items and offer maintenance products such as leather care oil and moisturizers if necessary to the customer. This service can delight customer as opposed to generic services and greetings offered when they walk into any store.

Bata's online store

Short term – Basic improvements to the online store

Bata's online store is currently down (www.bata.com.sg) till future notice. Hence, Bata should revamp its online site with reference to effective retail websites used by competitors. Bata should ensure that online site is compatible and optimised across all platforms to make purchasing efficient even on-the-go.



Consumers' top concerns with regards to online purchasing is not getting the products as shown in pictures. Having high-resolution photos for desktop display and a zoom function would allow fine details such as the stitching and texture of shoes to be seen, and hence boosting purchase confidence. Providing free-return policy can encourage more purchases as customers will always have the option to return when unsatisfied with purchase. Bata can adopt Shoefitr, which compares the sizes of shoes across brands and superimposes each shoe fitting onto each other. This will provide greater assurance and increase the likelihood of customers buying the correct size of Bata shoes from the online. It is little details like this that goes a long way in delighting customers' online purchase experience, which can ultimately increase sales for Bata.

Long term - Experiential Service Innovation: Augmented and Virtual Reality

Bata can delight customer through experiential service innovation. With an imaginative combination of the latest technological advances in the market today, Bata can become the first in the industry with such offerings.



Using Augmented Reality (AR) technology, customers can try out shoes sizes with ease without ever being in the store. Bata's AR platform can then suggest matching outfits for different shoe designs. Customers can then share these suggestions and recommend their own to Bata's combined social networking platform where other customers can draw their inspirations on matching outfits with shoes for certain events.



Virtual Reality (VR) technology is becoming increasingly accessible in terms of being affordable and available to the masses, especially after the introduction of Google's Daydream VR headset which is priced at just US\$79. Using VR technology, Bata can bring the retail store to the consumers at their own comfort space, allowing browse and purchasing activity to be conducted.

Bata can introduce new product design in the virtual store to collect customer's feedback and ratings. Bata can then collect these data points with reference to the customers' demographics and research on new product designs that will appeal more to such customers. Thus enabling Bata to know what customers want in a shoe design and therefore leading to further profits in the long run.

13.3.3 Bonding

Values-based bonds (Structural Bonds)

“Bata’s long-standing mission is to create better lives for our employees and customers. The Bata Life Effect is the on-going positive impact our actions have on families, communities and society in general.”

Carrying on their mission, Bata can introduce a new initiative “Don’t Buy and Throw Away”. Local consumers have mocked Bata’s perceived quality by stating that the brand’s name is an acronym for “Buy And Throw Away”. Bata would encourage customers not to throw away shoes that the child has outgrown, but instead bring it back to Bata. Bata will offer customers discount of their next purchase whenever they bring back their old and outgrown shoes. While Bata will refurbish those shoes and donate it to needy children, creating a positive impact on our communities.

13.4 Additional Recommendations (Applicable to all customers)

13.4.1 Other Physical Recommendations

The group suggests that Bata installs an iPad at the cashier of every store, whereby customers can choose to input their feedback on whether they were satisfied with the service they received. Furthermore, to fix certain design flaws, the small, slanted mirrors can be changed to full length mirrors, and the furniture in the store should all follow a consistent theme so as to improve the overall outlook of the store. Bata should also avoid having an overwhelming number of shoes placed closed together as it gives the impression that the store is cluttered, lowering the perceived value customers may have on the Bata brand.

13.4.2 CRM from within – Internal Recommendations

Bata’s customer service staff members are extremely important to the business as they are the first point of contact with customers. As such, these Actors of the business need to have a customer-centric attitude to create the perfect Bata experience for all customers. To do

this, we propose the following internal training and motivation programmes for all Bata service staff.

Annual Executive Management Conference

At the start of every fiscal year, Bata Management and store management will attend an annual executive management conference to align and get management buy-in on new CRM goals and implementation. The annual conference is particularly important as management buy-in for CRM is extremely crucial in increasing profits (based on NPS economies). During this conference, Store managers are invited to share their first-hand experiences managing and facing customers in Bata stores while top-tier management will analyse and cascade their CRM strategies and goals down to the rest of the organisation. Important points from this conference will be recorded then shared with each service staff of Bata.

Bata Employee Excellence training programme (Quarterly training)

All Bata employees (including management) will go through a mandatory service training programme every quarter to instill and cultivate the Bata STAR values in employees:

- **Service-first**
- **Trusty-worthy**
- **Attentiveness**
- **Refreshing**

The *Bata Employee Excellence training programme* is designed to train employees on the following levels:

Level 1: Functional training - Service staff and management are introduced to new fashion styles of each season, new forms of technology and basic service skills

Level 2: Interpersonal skills improvement - Service staff go through a series of personality/personal grooming workshops to cultivate the Bata STAR values

Level 3: Role playing - Service staff are introduced to new and challenging scenarios to train their service responsiveness

Bata STAR store awards

To reward and motivate service staff for upholding the Bata service values, stores with employees who provide outstanding service will be awarded with a Bata STAR store award

where they will receive monetary incentives as well as company-wide recognition for their efforts. Staff will also be given a badge to be worn on their employee uniform as physical recognition.

The various stores are assessed based the following key criteria:

| | |
|---|-----|
| <u>NPS scores</u> from customer comment cards (attitudinal loyalty) | 60% |
| <u>Amount of sales</u> made under service staff (behavioural loyalty) | 20% |
| Observations and <u>reviews from store managers</u> | 20% |

Three stage recruitment process

It is important that Bata identifies and hires quality customer service staff right from the recruitment process. This can help the company save resources and time on training the right people for the job. To enable this, we propose a 3-step recruitment process to assess potential candidates:

1. Observation stage

Potential candidates will be observed in a scenario-based assessment where they face a difficult customer. In this stage, they are assessed on their ability to handle stress and service acumen.

2. Personal interviews

Candidates will have a one-on-one interview with Bata store managers to assess their interest and fit for the job. In this stage, they will be asked about past service experience and other behavioural questions.

3. Presentation

Candidates are tasked to pick a shoe for the customer based on the customer's needs and requests (For example: "I need shoes that are comfortable yet stylish"). They are then encouraged to persuade the customer to make a purchase. In this stage. They are assessed on their sensitivity towards the customer and ability to persuade.

14.0 IMPROVED SCENES AND ACTS

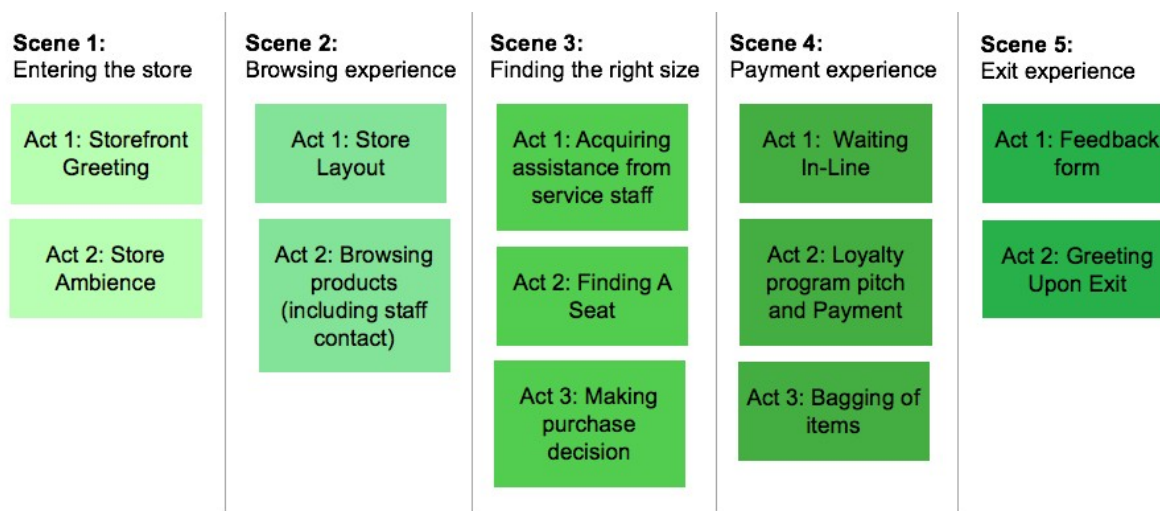


Figure 14.1: Improved Scenes and Acts Representation

Scene 1: Entering the Store

Customers are greeted by the service staff with a smile and a standardised greeting “Vítejte na Bata!” meaning ‘Welcome to Bata’ in Czech. Upon entering the store, newly released product lines will be placed prominently near the storefront. Depending on the store size and peak periods, 3 - 4 attendants will be available and ready to assist throughout the store. The store is brightly lit with minimalistic décor and soft background music.

Scene 2: Browsing Experience

Customers generally make their round around the store in a circular fashion if they are just browsing. The store is segmented by the various product offerings, namely shoes for males, females, and shoes for students. SOPs will be developed on the placement of shoes within the store. Details such as equal spacing, prominent sizing displayed and specific angles will be standardised for effective browsing. Full length mirrors and cushioned seats scattered at regular intervals throughout the store. Service staff members may initiate contact by enquiring if there is a need for assistance. Having received training in contact with customers, staff members will use professional judgement in either extending their assistance or withdrawing if needed. They will exude a helpful, courteous yet non-obtrusive image. Staff members may even go the extra mile to recommend popular shoe choices based on customer preferences or needs.

Scene 3: Finding the right size

Shoes displayed within the store will be generally size 36 - 38 (most common shoe sizes). If the customer is a repeat customer, the sizes of their previously purchased shoes will be stored in Bata's system and records. In the event that a particular model catches their eye, customers will either attempt to try the display shoe or seek staff assistance in acquiring the right size. Appropriate numbers of service staff will be assigned to respective product segments (men, women, children) for efficient manpower allocation, taking into account peak and off-peak demand. Service staff will be trained to comfortably handle multiple customer requests during peak periods and to recognise when a customer is in need of assistance. In the case of children, service staff may introduce sizing charts/implementations to assist parents in identifying appropriate sizes with room for growth. The desired response timing after customer request would be 2 to 3 minutes, with requested shoe sizes in possession.

Large cushioned seats will be scattered at regular intervals, serving as the 'hub' of each product segments. Majority of customers should be able to find a comfortable position to try on the shoe. However In the event that majority of the seats are taken up (especially if family members of browsers are occupying the seats with no intention of purchasing), service staff may step in to help the particular customer in this act. Staff members will remain within 1 - 2 metres of assisted customers, easy reach if the customer would like to try an alternative size or model.

Thereafter, customers will decide to either make their purchase, or repeat the browsing experience. If customers finalise their purchase decision for a particular shoe model, service staff will offer to place the chosen item at the counter to facilitate unburdened, continued browsing.

Scene 4: Queuing and Payment

With completed purchase selection, customers would stand in line to conduct payment. At the payment counter, loyalty programme brochures will be available. Service staff can enquire if customer is a loyalty member; if relevant, they could explain benefits and suggest signing up. In the event of purchasing children school shoes and genuine leather products, service staff may also offer exclusive touch-up or refurbishment services. This service is

only for loyalty members. Once payment is processed, the shoes will be placed into a Bata shopping bag and passed to customer with a smile.

Scene 5: Exit Experience

During exiting of store, service staff may take this chance to approach customers with iPads to collate feedback on their in-store experience. The feedback form will be very short with minimal MCQ questions and NPS questions (approximately 1 - 2 minutes to complete). Upon leaving the store, staff will thank the customers by saying “Sbohem a nashledanou againd!”, which means “Thank you and see you again!” in Czech.

15.1 IMPLEMENTATION IMPACT

Implementation of the above recommendations will cumulate into a holistic customer experience to impress the Quality & Value of Bata products, Customer-Centricity focus of Bata company with the support of Accessibility and Mass-appeal merchandise. This experience can be reflected within Customer Experience Management components featured below.

15.2 Service Workers (‘Actors’)

Bata service staff will be carefully selected based on their attitudes towards customer service, on-the-feet thinking and teamwork abilities through a 3-stage process. Extensive training will be provided to keep service quality levels respectable and standardised across multiple outlets. Their presence and actions define the service provided as helpful, warm and unobtrusive. Beyond that, attractive customer-centric incentives will be introduced in the form of Bata Employee Excellence training programmes.

15.3 Venue of Service (‘Stage’)

The service-scape has been redesigned to improve customer experience, targeting their specific needs in a shoe store. The aim here is to impress on the clean, sophisticated feeling to attract working adults.

The store design will remain congruent throughout the physical stores with the same theme as expressed in the table top/shelf designs, seats designs, decorative elements. Full length mirrors and seating will be installed in regular intervals within the women, men and children sections. SOPs will be developed on the placement of shoes within the store front. Details such as equal spacing and specific angles will be standardised. Sophisticated, relaxing music will be played within the store at a soft, barely noticeable level. The aim is to exude a comforting, relaxed atmosphere.

Overall, the Bata stores will be redesigned to stimulate sight, touch and hearing senses and carefully manage a strong holistic experience catered to mass market.

15.4 Service Customers

Customers' past experiences and external influences within or across industry shape their expectations of the Bata service. Our proposition is for Bata to target 25 - 39 fashionable professionals with tactical specialisations of young parents.

To increase distinctions between Bata and other shoe brands and reshape customers' perception towards the brand, Bata can employ aggressive 360-degree advertising campaigns. Customers will encounter Bata's aggressive advertisement on MRT trains, buses, newspaper "First to Bata then to school". Ultimately, raising awareness of Bata's origins by tapping on Bata's heritage as European brand will drive marketing communications.

Bata could also leverage on online platforms to offer professional touch points to reshape customers' ongoing experiences. Free return services and ultra-high-resolution of photos (optimize for website and mobile) will be available. The Bata website can serve as a platform to collect customer data and increase EDM recipients list and release of seasonal refresh of designs updates.

16.0 KEY PERFORMANCE INDICATORS

| Scorecard perspective (main KPIs) | CRM Success Factors | Target and Measurement |
|-----------------------------------|-----------------------|--|
| Financial Performance | Shareholder value | Stock Prices |
| | Profits | Return on Assets Return on Investments Net Profit per Employee |
| | Customer Equity | Customer Lifetime Value Net Profit per Customer |
| Customer Analytics | Scoring customers | Length of time Frequency of purchase Sales (Monetary value) Information from Loyalty system |
| | Retention Rate | Raw Retention rate: Number of active members/total number of loyalty programme members (one year time frame) Sales adjusted retention: Sales from loyalty members/total sales revenue (one year time frame) |
| | Customer Acquisition | Number of new loyalty programme sign-ups |
| | Customer Expansion | Percentage Share of Wallet |
| | Customer Satisfaction | Adhering to appropriate responses to complaint types, NPS targets, Satisfied customers/Total number of customers. |
| | Customer Loyalty | Frequency, Recency of last purchase |

| Scorecard perspective (main KPIs) | CRM Success Factors | Target and Measurement |
|-----------------------------------|---------------------------------------|--|
| Employee Analytics | Staff Sales Targets | Net Profit/Employee |
| | Employee customer satisfaction scores | Customer feedback scoring |
| | Employee Satisfaction & Empowerment | Qualitative 2 way feedback |
| Organisational Alignment | Management Buy-in | 360 feedback |
| | Training & Reward system | Training hours Role-specific KPI Employee Excellence Award valuation |

17.0 FINANCIALS

There is a budget of \$400K available to implement all the recommended and necessary changes. The budget is distributed as follows:

| Purpose | Implementation | Medium/Detailed Item | Total Cost | Estimated proportion of budget spent on target segment | | |
|--------------------------|---------------------|---------------------------|------------|--|--------|---------------|
| | | | | Diamonds | Rubies | Common Stones |
| Acquisition of customers | We Meet Again, Bata | Facebook Sponsored Ads | \$7,500 | 55% | 45% | 0% |
| | | Yahoo Ads | \$5,000 | 55% | 45% | 0% |
| | | Twitter Sponsored Posts | \$2,000 | 55% | 45% | 0% |
| | | EDM | \$1,000 | 55% | 45% | 0% |
| | Referral Program | Discount Coupons | \$10,000 | 55% | 45% | 0% |
| | | Retail Vouchers | \$10,000 | 55% | 45% | 0% |
| | | GV Movie Tickets | \$5,000 | 55% | 45% | 0% |
| | | CapitalMall Vouchers | \$6,500 | 55% | 45% | 0% |
| | | 2 Person Trip to Maldives | \$2,000 | 100% | 0% | 0% |
| | | Restaurant Meals | \$5,000 | 100% | 0% | 0% |

| Purpose | Implementation | Medium/Detailed Item | Total Cost | Estimated proportion of budget spent on target segment | | |
|----------------------------|---|-----------------------------------|------------|--|--------|---------------|
| | | | | Diamonds | Rubies | Common Stones |
| Retention of Customers | Bata Experiential Program: Beacon | Beacons | \$2,000 | 55% | 45% | 0% |
| | | iPad | \$7,500 | 100% | | |
| | Bata Online Store | Development of Online Store | \$7,000 | 100% | | |
| | | Shoefitr for standardised fitting | \$4,500 | 100% | | |
| | Bata Service Innovation Experience: AR | AR for off-site shoe fitting | \$5,000 | 100% | | |
| | Bata Service Innovation Experience: VR | Development of VR store | \$25,000 | 100% | | |
| | Membership Discount | Discount on all non-sales items | \$75,000 | 65% | 35% | 0% |
| | Joint membership with Popular Bookstore | Cross-Discounts | \$50,000 | 65% | 35% | 0% |
| Internal Training of Staff | Annual Executive Management Conference | Event Set-Up | \$20,000 | 100% | | |
| | Quarterly Bata Employee Excellence Training Programme | Training of Staffs | \$100,000 | 100% | | |
| | Bata STAR Employee Awards | Monetary Incentives | \$50,000 | 100% | | |

18.0 LIMITATIONS

According to Kano's theory, attractive qualities can become linear qualities, and linear qualities can become basic qualities. There is hence a need for an operational system to allow the company to continually innovate. We have attempted to address it in terms of training of employees such as role playing. However, it really depends on the current culture in Bata. This is related to our next limitation, which is the lack of access to information. This is exacerbated by the fact that Bata's website has been undergoing maintenance for the past few months.

Finally, Bata's current selection of shoes seems to imply that they are trying to target the mass market, which is a huge target segment. For the purpose of this consultation/project, our group has decided to focus on a specific target segment, professionals with ages between 21 to 40 years old. Therefore, although there were general recommendations, key acquisition and retention recommendations were made while considering that group of customers as our main target segment.