

Cabo san viejo – possible solution essay



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BUSTER**

Cabo san viejo – rewarding loyalty? Cabo san viejo is currently facing a problem of increasing competition and customer retention. To solve this, there is a dilemma of adopting a loyalty program or not. However our mission is only to meet competition and increase sales and not to resort to loyalty programs.

We considered the following factors before deciding against choosing a loyalty rewarding program. facts ? In a survey, of 2500 Americans nearly 50% of the loyalty program members said that special treatment is important to them, yet only 7% said that they get special treatment from their loyalty programs. These numbers are reminiscent of statistics that show that a very large percentage of senior executives feel that they are developing relationships with their customers while only single-digit percentages of those same customers believe so. ? Research results such as these indicate that consumers perceive a ton of value in loyalty programs and use them often to earn rewards. But, they have precious little to do with loyalty. Our inference Don't confuse loyalty programs with loyalty.

At the end of the day, these programs drive short-term behavior, not loyalty. Most customers are in it for the points and the rewards that come with them, not because they hold the company in especially high regard. Some revelations ? Why does a company have to “ buy” loyalty? ? Aren't the benefits and activities promised by the value proposition enough to attract and keep customers? ? Do loyalty programs influence customer behavior? We at cabo believe Loyalty programs do influence customer behavior. But, if we are looking to build long-term customer loyalty, the kind of loyalty that is

grounded in an emotional connection, we should not go running off to start a loyalty program.

The special treatment that customers crave and that they don't get from loyalty programs will have to come from a concerted effort on our part to treat customers well, to demonstrate our interest in them, and to create opportunities for meaningful interaction. The facts we reviewed indicate that the programs do not increase relationship longevity or behavior to any significant measurable extent. They are a price discount in essence most of the time. " Our success lies in our people and we at cabo believe that in a customer centric universe the power is in the personal relationships we build. -Team cabo.

Our primary objective now is – •Avoid ravages of competition •Survive entry threat •Control assets that determine value of competitors

1. Avoid ravages of competition: " Our industry is only as smart as its stupidest competitor" so we take stock of who that is an act on the following: ? Target narrow segments to limit the number of competitors ? Create switching costs by developing customer specific knowledge, having the customer developed product specific knowledge. ? Create frequent customer programs to target fence -sitting customers . Survive entry threat: We put ourselves in the shoes of a potential entrant and devised the following strategies to curb new entrants: ? Have long standing relationship with suppliers and customers and create a reputation which the new entrants cannot do.

? Create production barriers by having superior access to critical inputs and exotic locations. 3. Control assets that determine value of competitors: We

shall find for what value the new entrants stand for and try to control that asset. In our case their value is low priced service. We shall adopt the following decision flow diagram to curb low cost competitors: VALUE CREATION “ Creation of value is the key to profitability” Value can be defined as the difference between the benefits enjoyed by our customers and its cost of production. These are the strategies that we at cabo adopt to create value for our products economically: ? Guaranteed one minute check in ? guaranteed room availability ? Omitting in-between paper transactions ? Celebrating family functions like silver n golden jubilee ? Imbibing Exclusivity in customers and ensuring transparent operations ? Personal and dedicated customer care- treating every customer equal and to give him best in the world experience.

? Express checkout only to privileged customers. Wherein everything will be settled before hand. ? Free pickup n drop facility to airport. We shall strive to Look beyond customer satisfaction to create lasting customer devotion and brand evangelism. To further insist on the improvement of the customer relationship, we suggest the following steps be taken: We will be appointing three people ? Connect administrator: in charge of CRM.

Campaign manager: In charge of developing a system that efficiently and economically enables planning, segmentation, tracking and evaluation of marketing communication initiatives via direct channels ? Customer technologist: In charge of data warehousing, data mining and reporting to create strategies for customer growth. CONCLUSION: While the strategies suggested and the course of action recommended do hold true, it will not in

the long run, given the constantly changing business environment. So these strategies have to be updated and amended to hold good in the longer run.