

Good essay on commerce bank case study

[Business](#), [Customers](#)



Executive summary:

Commerce bank has been a pioneer in focusing on customer service and gained exceptional success with its service model. Due to imitable features bank is in pressure, and it is expected that it will not be at front in long-term. Bank needs to hire graduates because retail banking is not the job of those who are interested in being calm. Bank has to focus price rather spend on customer service experience. In order to be at front, bank has to clear its value proposition to its customers.

Background: it has been encountered that commerce bank started receiving complaints regarding the service that was the major priority of the organization and fire incident (p. 39) indicated the inefficiency and lack of training of employees. The value proposition is to clear to customers that are the core of business success and the current operational model of the organization are imitable and has been copied by multiple competitors. However, the bank is providing multiple-valued services such lower fees charges, modified hour at weekends and extra opening hours. The bank is focused in the model of getting customers in the door and giving their focus on customer services. Through its exceptional services bank gained maximum deposits that growth was above the average of industry's deposit. However, currently the bank is receiving pressure from those banks that are thinking to deploy commerce' business model.

Problem Statement:

Commerce bank is running its operations successfully and has been successful in pleasing its customers, but as other banks started copying its

differentiating features, bank is losing its unique experience, while complaints are taking place regarding services. The aim of this study is to analyze that how far the commerce bank can succeed with the strategy of differentiation on service experience for being and staying at front of its opponents while still not going on price and tend to maintain the strategy of contending on services. The objective is to encounter the options through which bank can have profitable sustainability in financial service sector.

Analysis

Service industry cannot be compared with retail stores, and when it comes to financial service sector then, it becomes more critical. Commerce bank tends to lead its operations by taking retail stores as an example. Bank ignored the facts that are prioritized in financial service sector that can result in temporary success, but alone cannot be successful in the long run.

Customers in financial service sector prefer face-to-face interaction, convenience, and ease. The major priority for most of the audience is an easy availability of loans, reduced waiting time, and knowledge of staff, technology, and high rate of interest on the deposits. However, commerce bank served those customers who prefer convenience, face-to-face services but ignored the customers who were seeking for high interest rates, ease of attaining loans, and prefer the quick services (Divanna, 2009). Because customers were started complaining that staff is more interested in greeting customers rather speed up the service delivery, which is against the image of the bank. If commerce bank keeps its original strategy on the work, it must make some changes in order to be at front. Otherwise, bank would not be able to have long-term competitive and sustainability advantage. Bank

services are the major determinant of customer satisfaction and commerce bank is lacking in this domain partially.

Employees are the core of the service sector and the face of the organization, but it does not mean that good behavior works in all service sectors; it varies with the category. However, in retail banking, employee efficiency of servicing customers and giving them quick service is important; employees must have knowledge and training regarding everything.

Nevertheless, a single incident of fire was enough to destroy the image of the organization, where people came to know that commerce employees are not trained properly. Bank must not leave its employees on their choice, and they must be accounted for their mistakes; commerce bank must provide training to its customers in order to provide better services to its customers.

Commerce bank tends to avoid major factor of customers satisfaction deliberately. They are not competing on product variety and prices that can be disastrous for the bank in long-term because currently provided services are imitable and with imitable services organizations cannot retain their competitive advantage. Commerce bank does not hire graduates with exceptional knowledge. They hire people for attitude then train them for providing service to customers, which means loss of customers; because talent scouts can be found at anywhere, but for the success of financial organization skilled and knowledgeable employees are essential. Employees must be above average in both aptitude and attitude. Therefore, commerce bank must choose employees who are best in attitude plus aptitude. It may increase the cost of bank – because such employees are expensive – but will help in maintaining a competitive advantage and benefit the bank in the long

run. If bank decide to stick with hiring employees with attitude not aptitude then they must engineer things - such as higher interest rates on deposits and lower cost on loans as compared to competitors - in order to provide better service with lower aptitude employees (Frie, 2008). However, it should keep in mind that retail banking is not a job of those who are interested in being cool, but this requires knowledge and expertise in order to handle with customers efficiently and effectively. However, employees with an aptitude are expensive and cause to increase the operational cost that will reflect in service offering, but the alternative approach (engineering things) will cost bank more. Value proposition plays an immense role in business success and contributes in long-term advantage (Macquarie, 2010). The value proposition of commerce bank is not clear to its customers that are a big hurdle in staying ahead against its competitors. Therefore, it is necessary for commerce to clear its value proposition in customer's mind in order to have sustainability advantage otherwise customers will move to the competitors that will result in loss of accounts.

Recommendations and Conclusions:

- Bank must hire qualified employees who have intellectual abilities (abilities to resolve problems in unique ways), and can make better suggestions and advice management for future success. It may cost organization in a short run but in the long run, it will be beneficial for the organization.
- Commerce must clear its value proposition in front of customers in order to retain them and to have long-term competitive advantage.
- Bank must increase its interest rates on deposits and must focus on reducing wait time instead of spending money on greeting services. Bank

must spend on employee's training and development so they can better serve customers even with lower aptitude.

- Commerce bank must focus on building corporate culture, which is equally important as building business model; culture building is a part of successful business model (O'Donnell & Boyle, 2008).

References:

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