Understanding relationship marketing

Business, Company

This assignment will be evaluating the contribution of relationship marketing activities and will also evaluate the effectiveness of the marketing function in a selected organisation. The chosen organisation that has been selected for this assignment is McDonalds and will be evaluating at how they contribute towards retaining their existing customers.

Mystery Shopper

Mystery shoppers are a very common method used by organisations to see whether their employees are performing to the standards that are expected from them. They are used as a tactic approach as employees will be tested through another person observing as a 'normal' customer. The employees of the organisation will not at any stage know that they are being observed or will they know which customer will be the mystery shopper.

The positives aspect for an organisation such as McDonalds implementing this method is useful in terms of gaining research on their employees. As this method is used for giving the organisation an overall aspect of how their employees conduct themselves in the working environment, the results will clearly show how their employees work, and show areas of improvement in which McDonalds can develop on in the future. Another positive impact of this method is also that McDonalds can limit the number of complaints they receive once they have set objectives to their employees when McDonalds mention their areas of improvements to be made.

The results are very accurate as the 'mystery shopper' cannot reveal themselves as an employee of the organisation and will act as a normal customer, where the employees of McDonalds will be unaware of the

mystery shopper. Therefore, this can give a clear under-view that employees will react in a normal manner in which the mystery shopper will be treated at their own accord.

The negatives aspect of using this method for McDonalds can be that it can be very time consuming. This is because an existing employee working at McDonalds will have to take the time out in visiting the restaurant when they could be used alternatively at doing something more 'efficient' rather than spending time to research on their own employees. Also, employees at McDonalds would feel that they are not trusted enough by their management and need to be regularly checked up on to see the kind of standard that their employees are offering to their customers. Employees would feel under-pressure knowing that they are checked up on by their organisation via the mystery shopper and that they would have to maintain the high level expected from them and McDonalds

McDonalds use this effectively as they believe that it helps their employees and the organisation on a whole to what kind of customer service their customers are receiving. McDonalds believe that their employees can be measured by their performance and how well their employees offer their customer service.

" Yes, McDonald's does use Mystery Shoppers to help evaluate the experience its customers are receiving in restaurants. The company uses an external agency to manage this process, and they handle recruitment".

Source: http://www. makeupyourownmind. co. uk/questions/how-do-you-operate/mystery-shoppers/#question5

Gap analysis

A Gap analysis is a tool that is used by marketing managers to decide upon marketing strategies and tactics. This allows them to see where they (organisation) want to reach over a period of time and the level if the organisation does nothing at all. The larger the gap between where an organisation wants to be and where they are currently at, this indicates that it will take longer to gain market share, which is a negative aspect for an organisation.

The positives aspect for an organisation such as McDonalds implementing this method is that it allows McDonalds to aim for the future. If McDonalds can conduct a detailed plan that is realistic and able to achieve, they can conduct themselves to see where they place themselves over a period of time. By McDonalds clearly stating to their employees that they are aiming to gain a certain level of market share over a period of time, which is indicted on the gap analysis, the employees are able to conduct themselves by covering certain objectives to help achieve this aim. If McDonalds do not inform their employees about their future plans or aims, it is very unlikely that they can be achieved, as the employees are the 'main' face of any organisation. Also, it can also provide an outline on how certain products will be introduced to the market and whether they can influence new products to a current market.

The negative aspect of a gap analysis is that it can put more pressure on the employees when the organisation tends to aim higher in a short period of time. This will suggest that the current employees' jobs may be at stake and that new employee with the right skills will have to be employed in order to help achieve their aims. This will undermine McDonald's employees as they may feel that they are not good enough for the job that they are doing. Another negative aspect of the gap analysis is that it is time consuming as this method has to be measured over a lengthy period in order to gain better results. This method cannot be used over a short time period and if so, the result would not be that significant to the organisation.

McDonalds aim to be profitable in all of their restaurants they have situated around the world. They believe that they should cover 3 elements in order to sustain a wide gap analysis in order for them to become the market leader. Although many McDonald's restaurants are franchises, which are owned by independent business people, McDonalds offer franchises to poor performing restaurants in order to gain profit. This suggests that McDonalds seem to believe that there are always gaps in the market in which they can penetrate in order to achieve their aim. Therefore, their gap analysis will always be closer together as they already have a strong market share in their current market.

Ishikawa (fishbone analysis)

The Ishikawa diagrams, also known as the fishbone analysis, is a process that is commonly used by organisations as it allows them to find out where their potential problems are and the source of the problem.

The positives aspect for an organisation such as McDonalds implementing this method is that it allows McDonalds to notice problems that may occur in a modern day organisation. The advantages for McDonalds is that it can clearly indicate where the problem is taking place and allows them to thoroughly analyse that particular position that is situated on this diagram. For example, if employees are unable to use the tills properly when serving customers, this indicates that the main problem is under 'people', which is stated on the Ishikawa diagram. McDonalds can then offer a solution to this problem by making sure that their employees are properly trained and they provide to resources to ensure that this problem is seen to.

The negative aspect of using Ishikawa is that it is only designed for modern day organisations. As McDonalds was introduced in the mid 70s, their success has been renowned for their products and good customer service over the years. Although the diagram suggests and points out problems that may occur, the diagram itself does not show any solutions to that particular problem, which can be a negative factor for McDonalds.

McDonalds use the Ishikawa diagram in order to be able to recognise potential problems that may occur in the future. As this diagram can be used for any modern day organisations, McDonalds could evaluate their employees and see whether that they are performing to the standard expected from them or the reason behind why they are not fulfilling their potential. This allows McDonalds to evaluate their own position as it may be that they may have to make sure that the restaurants are working in a clean and warm environment. Although this may be time consuming for McDonalds

to find solutions to their problems, this could help them financially in the long term as the quicker they find solutions to their problems, the less likely they could avoid costs such as being sued.

Database marketing

Database marketing is a form used for direct marketing using databases of customers in order to promote a product for marketing purposes. Database marketing concentrates on the use of statistical methods to develop methods on customer behavior, which enables organizations to then select customers for communication.

The positives aspect for an organisation such as McDonalds implementing this method is that it allows McDonalds to target specific customers according to McDonalds own personal database. If McDonalds were to introduce a new product to the market, they are able to target the customers that would be more likely to buy the product by maybe referring to their previous purchases. Also in their database, McDonalds will have customer's personal details such as name and address, which makes it easier for the organisation to communicate to its customers. So if a new product is introduced to the market, McDonalds can use their database to see which customers would be more influenced in buying that product by referring to their past transactions.

The negative aspect of McDonalds using this method is that the data gathered itself has to be accurately measured in order to ensure that the results are conducted and accurate enough to make judgements. McDonalds

will have to be careful, especially when conducting primary research, that their results are not mislead or that they give their customers the wrong impressions about their products or services.

Also, database marketing only can be used to target customers that have been based on previous purchases rather than the products that may interest them in the future. Also a negative aspect of the organisation using this method is that there is a good chance that the organisation may have technical problems when accessing such databases. Technical faults such as computer breakdowns or viruses may occur if the organisation has not set up firewalls or anti-virus programs in a proper manner. Another aspect is that not every employee working at McDonalds has access to such databases because of the confidentiality of their details. Only senior members such as supervisors and mangers will have access to this kind of database.

McDonalds use database marketing to help them in many aspects of their business and regard it very important in terms of promotion and gathering information about their customers.

Customer suggestion schemes

McDonalds make sure that they keep regular interaction with their customers, this method being that customers are allowed to put forward any suggestions or ideas that can help the performance of the business.

The positives aspect for an organisation such as McDonalds implementing this method is that it allows McDonalds to gather viewpoints of their customers, which will allow their customers to feel that they can influence

decisions on ways in which they operate. This can create customer loyalty within McDonalds as customers would feel part of the organisation. Another aspect is that it can gather information in which customers may feel is a weakness or a strong point within McDonalds itself.

For example, if McDonalds had a restaurant in which they hold a high capacity of customers and have a small amount of tills available, customers are the ones that would realise this problem as they are the day to day purchases. By McDonalds allowing suggestion schemes, their customers are potentially able to put forward their ideas and suggest that more tills may need to be made available in order to decrease the number of queues that build up. By McDonalds considering their customers ideas and suggestions, this will benefit the organisation on a whole as it would maintain or increase their current customer retention as customers would feel more wanted by the organisation. This is essential for an organisation such as McDonalds as the more customers they have, the higher the potential profit the organisation will earn.

The negative aspect is that McDonalds do not consider all customer suggestions and do not put forward all suggestions they receive. As McDonalds is a very large organisation in which they have many people working for them, it can be time consuming for their employees to go through each and every suggestion that has been put forward by their customers. Also, if McDonalds do consider an idea or a suggestion that has been put forward by its customers, the time that will be taken for McDonalds to carry out this idea will be lengthy and could prove to be costly.

However, overall McDonalds would still use this method as it is a proven way in which it will help retain their customers and gather viewpoints from an external point of view. If McDonalds were to communicate outside of their organisation, they are able to gather quick view points on what their customers would feel or think if they introduced a new product to the market or something that had to do with the organisation. As employees are the mainframe for any profit making organisation, gathering their views would be vital, at the same time making their customers feel acknowledged for their suggestions. This can be a method in which can help maintain customer retention as part of McDonalds and keeping a good order with the public. This is why it is considered as it would be prove financially greater if McDonalds retained their customers in the long term.

Relationship marketing is essential for any type of organisation that aims to make a profit. The positives that are considered on behalf of McDonalds are that they are using relationship marketing to establish themselves as efficiently within their own market. They consider this as vitally as important as having good relationship with their customers could potentially lead to more profits and a bigger customer base. Although the entire marketing procedure may be a lengthy and costly method to attract and retain customers, organisations such as McDonalds will benefit over the long run, as history has proven this within McDonalds over the years.