

CITY COMMERCIAL CORPORATE CO. MARKET SHARE DECISION

The Situation

City Commercial Corporate Company has during the past twenty years of its existence, built excellent relationships with clients and has become known as one of the better Banks. Their client base has, however, stabilized and CCC has not shown much growth over the past two years.

Information from several reliable sources indicates that CCC's two competitors are planning major promotional campaigns that might well cut into CCC's future market share. One competitor is thought to be working on a new Home Ownership Portfolio, while the other is about to introduce a new Unit Trust Fund. CCC knows that they cannot launch any product improvements for at least the next year to combat such competitive moves and needs to explore alternative avenues.

Nonetheless, CCC's new Marketing Manager has established a primary objective of increasing CCC's market share by 2% during the next year and to attract as many new customers as possible. In order to achieve this, the chosen marketing campaign will have to be implemented as soon as possible, but no later than five months from now. While \$80 000 has been approved for the marketing campaign, heavy emphasis is placed on the curtailing of monthly expenditures.

Although the marketing campaign should have the highest possible impact, it must not be a short-term solution, but should ideally ensure long-term growth for CCC. Some employees are, however, concerned that it will result in more complexity and thus create more work for them. Most of the campaigns in the past have resulted in more work for employees and they are, therefore, not very enthusiastic about another campaign. The following alternatives are currently being considered.

Advertising

CCC's new advertising agency has recommended a series of colorful two-page spreads in leading financial magazines and journals that will describe CCC's existing product range. In addition, large displays will be placed in all the branches to draw customer attention to the various services and products available. The advertising agency believes that if this approach is followed for three consecutive months, it will spur customer interest and will attract more business. The proposed advertising would describe the superior product range that CCC offers, provide a glimpse into the future, and challenge customers to find another bank that can offer the same variety in banking service.

Although late once before, and currently in the process of relocating their office, the agency indicates that it should not be a problem meeting the 5-month deadline. At a total cost of \$65 000, they project a 12% increase in customers and a 3.6% increase in market share.

Credit Card

CCC wishes to introduce a new “internationally” accepted credit card that can be tailored to suit clients’ needs, their income and their lifestyles. This card will be one of the most convenient payment solutions, since over 12 million merchants worldwide will readily accept it internationally in more than 104 countries. A market research study indicated that this service should increase customers by 9% and result in a 2.4% increase in market share. Although this service will increase the workload of CCC’s administration staff, it will offer CCC a healthy longer-term growth. Due to problems with the current supplier of credit cards, these new credit cards will only be ready and available in 7 month’s time. According to our supplier’s estimate, the cards will cost CCC \$74 600.

Internet Banking Services

Another option is to introduce a new unique payment option, which is offered via an Internet banking service that can be linked to any account to make payments to any third party. This service will be open to clients 24 hours per day, 7 days a week. Market research is especially enthusiastic about this option, since it might increase customers by 10% and a 3.2% increase in market share. Branch managers have responded most favorably to this idea, but are concerned about how staff members will respond if they know that it will increase their workload significantly. According to calculations, this service will cost \$54 000 to implement and will ensure long-term growth for CCC. Since most of the infrastructure is not in place, it is only possible to implement this service within four months. Although all transactions are recorded and monitored to give clients concrete proof of all transactions, some have raised their concerns regarding ensuring system confidentiality and identity security, i.e. the controlling of access to accounts.

Branch Contest

A fourth proposal is to develop a new client contest that will qualify each of the top ten employees who recruit the most customers for the next year for a prize. The prizes will be a two-week all-expense paid trip for two to the Seychelles islands. The contest should not take longer than three months to set up and would cost about \$60 000. Due to a lack of proper contest planning and administration, rather than a lack of employee enthusiasm, results were less than satisfactory in the past. The present proposal includes a complete timetable with milestones for the contest, detailed procedures to follow in filling out forms, and a monthly newsletter to keep employees informed of the contest’s status. Branch managers will also monitor the employees’ interaction with customers and be available to answer any questions from employees. Marketing believes that customers can be increased by 8% as a result of this carefully administered contest, which would increase CCC’s market share by 3.0%.