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Maintaining Customer Loyalty

Case: Industrial Securities Ltd (CHINA)

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The purpose of this thesis is to investigate how customer relationship management can be applied in maintaining customer loyalty. The study will assist the case company to find the way to develop a long-term relationship with existing customers. The better relationship with customers, the higher customer loyalty will be obtained.

The theoretical background of the thesis begins with general view of customer relationship management, which embodies the concept of managing customer relationship, customers' perceived value, customer satisfaction, customer relationship levels as well as customer equity. Customer relationship marketing is discussed, which includes the difference between customer relationship marketing and transactional marketing. In addition, detailed stages of customer relationship building are ascertained. Finally, the theory provides various solutions on building the appropriate relationship with right customers.

The empirical research was accomplished by a quantitative approach which involves sending questionnaires to target customers. The purpose of this research is to give objective suggestions how Industrial Securities satisfies customers and to retain existing customers' loyalty in the intense securities industry in China.

The findings indicated that although the majority of customers is satisfied with the overall service supplied by Industrial Securities, only a small number of customers would recommend the case company to others, this is because that the company lacks distinct competitive advantages. The result of the study implies that there is growing demand for the development of customer relationship management. Suggestions for improvement are recommended on the basis of the theoretical studies and the findings. It is very important to develop a long-term relationship with existing customers and to maintain their loyalty.

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1   INTRODUCTION

Nowadays, the prime marketing strategy of doing business is to satisfy customers' needs and to maintain the relationship. After finishing the first transaction with customers, it is significant to develop a long-term relationship with them. According to some authentic scientific statistics, most companies obtain 65% of business from their existing customers. An outstanding company will not only enlarge market share or increase sales volume, but concentrate on maintaining a long-term relationship with existing customers for their repeat purchases. Attracting new customers spends more time and costs compared with maintaining the relationship with existing customers. The satisfied existing customers will be regarded as mobile advertisers to recommend the company's products or services to prospective customers. This word-of-mouth recommendation is one of the most persuasive and cost-effective promotion channels. (Advertising and Integrated brand promotion 2009)

1.1   Case company and research context

The case company for this thesis is Industrial Securities Ltd (China). Industrial Securities, which is classified as Class 'A' by the Chinese Securities Regulatory Commission, is one of the national innovation securities companies. The business scope of this company includes security underwriting, brokerage, proprietary trading, investment consulting services, entrusted asset management, online securities commission business and establishment of investment funds. (Industrial Securities 2010)

The author practised half a year in the customer assets management department of Industrial Securities. This department helps customers to invest in profitable projects and it also assists customers to manage and add value on their assets. The target customers of this department are people whose cash asset should be at least 5 million RMB (which is equal to 0.5 million euro). When the company collects all the customers' money together, the department of customer assets management helps them to invest in potential investment projects such as stocks, bonds and funds to increase the value of customers' original assets. If any investments increase value, customers can share dividends according to their amount of shares. The company benefits from the investment consulting fee and commission. Until now in the customer assets management department, there are about 200 existing customers. In this case, it is more important to retain current customers than to attract new customers, due to limited numbers of target customers and they have variety securities to choose from. The quantitative research method, which includes the questionnaire, is used in this thesis. The questionnaire will be targeted to about 200 existing customers of the department.

1.2   The purpose of the study and research problem

Only a small number of people in China own 5 billion RMB in cash assets without considering intangible assets such as real-estate properties. There exist 108 securities companies in China, so Industrial Securities confronts a large number of competitors. The research problem therefore is to investigate how to keep customer loyalty from customer relationship management concept as there is intense competition in the securities industry in China. The challenges of Industrial Securities are how to compete with these rivals and how to retain the existing customers' loyalty. The study will investigate the customer satisfaction, business relationship and customer loyalty with Industrial Securities by means of questionnaire. The purpose of this thesis is to give objective suggestions how Industrial Securities improves service quality and customer satisfaction to maintain existing customers' loyalty.

1.3   The theoretical framework

The scope of the study encompasses customer relationship management, which comprises the concept of customer relationship management, customer relationship marketing, stages of customer relationship and how to build appropriate relationship with the right customers. In this thesis, the basic elements are also discussed, such as customer perceived value, customer satisfaction, customer loyalty, customer equity, difference between customer relationship marketing and transactional marketing, and marketing mix. The theoretical background not only helps to comprehend the CRM topic better but solve the practical problem better as well.

## 1.4   The structure of the thesis
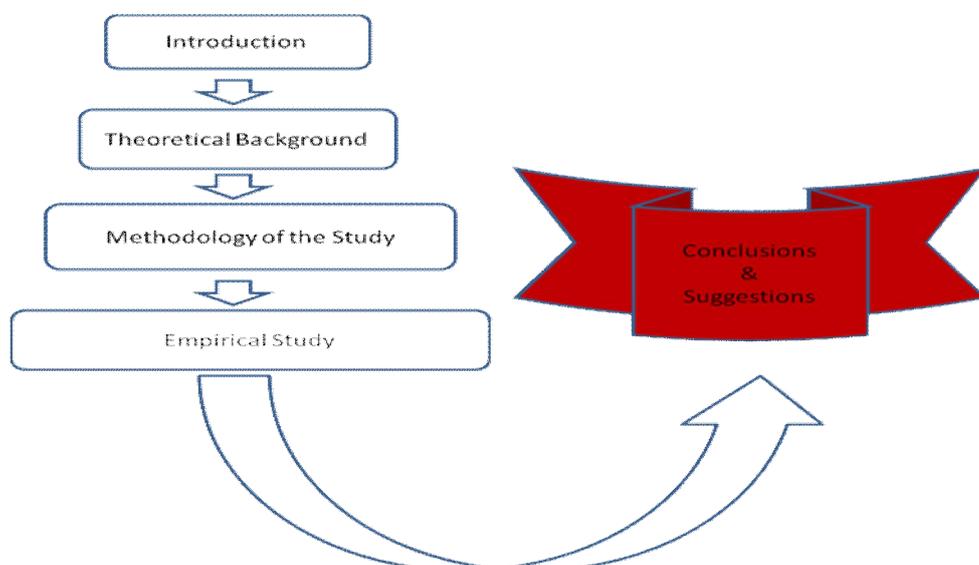
Figure 1 The structure of the Thesis

Figure 1 shows that the thesis can be divided into five sections. The first section is the introduction, which includes the thesis topic and simple introduction of the case company. The second section mainly introduces the general theories of customer relationship management and all related issues connected to developing a good customer relationship. The methodology of the study explains the choice of the research method, questionnaire design, target group and reliability and the validity of the research. The fourth section is the empirical study which involves the detailed introduction of the case company and the analysis of the research results. The thesis ends with conclusions and suggestions, which help to improve the customer satisfaction and loyalty in Industrial Securities.

2   THEORETICAL BACKGROUND

2.1   Customer relationship management (CRM)

2.1.1   The concept of CRM

CRM can be considered as either a narrow or broad way. According to the narrow view, CRM can be defined as a customer database management activity, which is to obtain every single customer's detailed information and manage the information to build the customer loyalty. Recently, CRM has developed into a broader concept, which can be defined as the whole process of establishing and retaining profitable customer relationship through delivering superior customer value and satisfaction. Companies utilize CRM to build and maintain a long-term profitable relationship with customers. Companies used to focus on sales volume and market share, losing customers wasn't their concern due to few competitors and market situation in which demanding volume was higher than supplying volume. At present, with the development of the market, intense competition and overcapacity have emerged more than ever; it is more difficult for companies to attract new customers. Another phenomenon also interests companies: the costs of attracting new customers are rising. Companies also realize that losing a customer means losing the entire opportunity of purchases that the customer would commit all the life time. (Kotler & Armstrong, 2004, 15-16)

2.1.2   Relationship building obstacles: customer perceived value and customer satisfaction

Customers do not know what their best choice is when they are bombarded by a great amount of information about an array of products and services from different companies. There are two important elements that can indicate whether the CRM building is relatively successful or not: customer perceived value and customer satisfaction. Customer perceived value means the customer's evaluation of the difference between the benefits and the costs of a marketing offering relative to those of competing offers. Customers often judge product's value and cost subjectively, so making customers sense the good value of the product is

significant, by which helps company distinguish away from the competitors. (Kotler & Armstrong, 2004, 17)

According to Arnould, Price and Zinkhan (2004, 755), customer satisfaction can be defined as a judgement of a pleasurable level of consumption-related fulfilment, including levels of under fulfilment or over fulfilment. First, customers can judge their satisfaction referring to a combination of product or service aspects. Each aspect is potentially different from the marketing offering. But not all customers consider overall aspect as a standard level to measure their satisfaction. Customer satisfaction is a process of the product or service experience. Even when complaints from these unsatisfied customers appear, prompt remedies will increase customer satisfaction more than if customers do not experience bad services. However, effective service recovery can not retrieve repeated service failures. A second criterion to observe customer satisfaction is fulfilment. If the performance of a product matches customer's expectation, the customer is satisfied; if the performance of a product lowers customer's expectation, the customer is disappointed. At present, the company not only pursues satisfying customers, but also delights customers by promising what company can do and delivery more than the company promises. The company can make the customers happy either by improving the quality of products or increasing extra services to exceed customers' expectations. (Kotler & Keller, 2009, 164)

2.1.3 Measuring customer satisfaction

Measuring customer satisfaction is a new concept for a number of companies and they used to concentrate on income statements and balance sheets. Companies currently realize that the global economy, which brings competitive marketers with little product or service differentiation and decreasing sale volumes, implies a big change. Under that circumstance, companies have recognized the importance of measuring customer satisfaction. Measuring customer satisfaction is a new tactics to remake marketing strategy through tracking customer satisfaction to retain existing customers and foster their loyalty. Without a clear and accurate sense of what needs to be measured and how to collect and analyze and use the data as a strategy to operate the business, a majority of companies will not be able to compete in this new business climate. Plans constructed using customer satisfaction research results can be designed to target customers and processed that are most able to extend profits. (Measuring and Managing Customer Satisfaction 1995)

Customer surveys with standardized survey questions ensure the company will collect valuable information from customers to improve products or services in the near future. Here are a few of the possible dimensions, such as quality of service, speed of service, pricing, complaints or problems, trust in employees, the closeness of the relationship with contacts in

the firm, types of other services need and company positioning in clients' minds.
(Why and How to Measure Customer Satisfaction 2009)

2.1.4 Customer relationship levels and customer equity

Kotler and Armstrong contend that companies establish customer relationships at many levels on the basis of the extent of profit. At a low-profit level, companies will build a basic relationship with customers; whereas at the high-profit level, companies will develop a full partnership with core customers. Most circumstances are between a high and low margin. One of the objectives of customer relationship management is to produce customer equity. The notion of customer equity can be defined as total combined customer lifetime values of all the company's customers. The more loyal the customers, the higher customer equity will be. Customer equity is more meaningful than sales volume and market share because it reflects future sales volume and market share. (Kotler and Armstrong, 2004, 21)

2.1.5 Benefits of CRM

Chaturvedi argues that developing customer relationship management will benefit enterprises in the following aspects: improving response time to customer requests for information, product meets customer requirement, improving customer satisfaction, improving revenue and reducing cost. In addition, managing CRM will increase customer loyalty due to the interactions between companies and clients; CRM will help companies to attract and grow new customers; and CRM will strengthen companies' competitive advantages. (Chaturvedi, 2005, 31-32)

2.2 Customer relationship marketing
2.2.1 The concept

Customer relationship marketing is a section of relationship marketing, which intends to benefit customers and companies and develop a long-term relationship with both existing and potential customers. (Isoviita and Lahtinen, 1994, 22)

2.2.2 The objective

Figure 2 illustrates that comprehensiveness, customer loyalty and profitability form the objective of customer relationship marketing. The prime objective is to satisfy customers' needs by providing suitable products or services and develop a long-term relationship with customers. Subsequently, acquiring the customer loyalty can be implemented by repeating

business transactions. Eventually, making profit is from customer orientated-marketing. (Isoviita and Lahtinen, 1994, 22)

Figure 2The objective of customer relationship marketing
 (Isoviita and Lahtinen, 1994, 22)

2.2.2.1 Comprehensiveness

According to Isoviita and Lahtinen (1994, 23), in the traditional marketing, customer service, quality and other marketing activities operate independently. But customer relationship marketing integrates these three independent elements together, so that the consumers obtain excellent services or products and they are willing to develop a long-tem relationship. Figure 3 shows that the model of customer relationship marketing cooperates with customer service personnel, quality products or services and marketing personnel. These personnel act as a crucial role in the marketing because they are responsible for fulfilling all the commitments. (Isoviita and Lahtinen, 1994, 23)

Figure 3 Integrated customer relationship marketing(the yellow shadow)
(Isoviita and Lahtinen, 1994, 23)

2.2.2.2   Customer loyalty

Griffin (1995, 4-5) contends customers' behaviour reflects the customer loyalty more than customers' attitude does. When a customer becomes loyal, his repeated purchases do not belong to random buying behaviour and they can stand the test of time. There are two important factors connected with customer loyalty: customer retention and total share of

customers. Customer retention is a length of relationship with a customer. And customer retention rate is the percentage of customers who achieve prescriptive quantity repurchases within a limited period time. Another factor is total share of customers. A company's total share of customers means the percentage of a customers' budget spent with the company. Customers consume their entire budget on one company, which indicates the company obtains 100% customer share. If customers spend a large proportion of their budget to rival vendor, the company will lost that share. (Griffin, 1995, 4-5)

Figure 4 illustrates that the form of customer loyalty needs to experience four phases. In the first phase, the company should identify the target group, which can be called potential customers. Then the company will endeavour to attract these potential customers by a series of promotions to arouse promising customers' awareness. After the promotions react, the target customers become formal customers. In addition, if the company can exactly meet customers' needs and manage relationship with customers well in the phase of after-sale service, customers will buy the company's product or service again as feedback to support company sales volume. For example, managing customers' complaints promptly and professionally will increase the extent of customers' satisfaction. The most difficult phase is to convert the regular customers into spokespersons, which mean frequent buyers and they will be company's free and persuasive advertisements. (Isoviita and Lahtinen, 1994, 22) This word-of-mouth marketing approach will bring new potential customers to the company. According to Grönroos(2000,269), word-of-mouth approach means messages about the organization, its credibility and trustworthiness, its way of operating, its services communicated from one person to another. One problem requires be paid attention to is whether the customer is loyal to the company or to certain salespersons within the company. It will increase risks if the customers only loyalty to the salespersons instead of the company. The company will not only lose the customers but also be in an awful situation when salespersons leave the company and join another competitor group. (Isoviita and Lahtinen, 1994, 26)
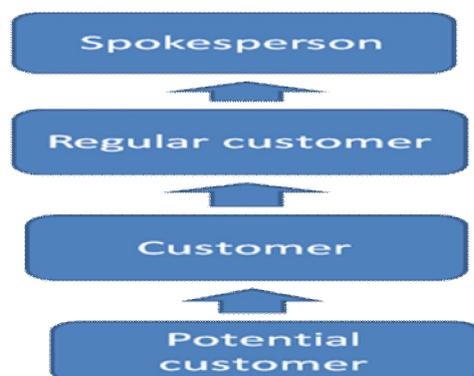
Figure 4The relationship marketing ladder of customer loyalty
(Isoviita and Lahtinen, 1994, 24)

Table 1 demonstrates that the customer relationship can be separated into three different levels. These three different levels match different links in customer loyalty, deciding different marketing strategies and they are related to different degrees of customization. At the first level, low prices are the key marketing strategy which indicates a small degree of customization. This level obtains no any obvious competitive advantage but low prices, which can attract customers immediately without a loyal long-term relationship. The second level is more advanced than the first level, which requires financial and social links with customer loyalty. Personal communicative interaction is the main marketing strategy which indicates an average degree of customization. On this level, by personal communication with customers identifies buyers' needs and satisfies them. The second level is more stable and longer in fostering customer relationship than the first level. The third level provides a tailor-made service for specific group to deepen the customer relationship. Each level targets different groups and the first level can be considered as first-time customers, the second level group will develop to regular customers and the third level group will be the company's spokespersons. (Isoviita and Lahtinen, 1994, 27)

Level	Links in Customer Loyalty	Degree of Customization	The Most Important Marketing Strategy
One	Financial links	Small	Low prices
Two	Financial and Social links	Average	Personal communicative interaction
Three	Financial, social and structural links	Moderate, large	Tailor-made service

Table 1 The three levels of the customer relationship and customer loyalty
(Isoviita and Lahtinen, 1994, 27)

2.2.2.3 Profitability

Lahtinen and Isoviita contend that a long-term and mature customer relationship can mutually benefit both customers and companies. A short-term customer relationship only brings one-time consumption. The first purchase only enables companies to refund costs instead of earning profits, but the long-term customer relationship will accumulate sales volume to make profits. A long-term relationship is profitable due to the several main reasons, such as accumulated sales from regular buyer and long-term customers make bulk orders. Furthermore, customers would like to pay higher if the company meets their need; long-term customer relationship is also a competitive advantage and word-of-mouth approach will bring new customers. (Isoviita and Lahtinen, 1994, 29)

Figure 5 illustrates that quality, productivity, customer turnover and turnover of employees affect profitability on the basis of customer relationship marketing. If a company offers a good quality product or service, the turnover of employees will decrease because employees will feel confident and passionate to introduce their product or service to target customers and employees believe their product or service will achieve large sales volumes. It is easier for customers to accept high quality product or service if this product or service can exactly satisfy customers' needs. Customer turnover is a business term used to describe loss of customers. If customer turnover declines, the long-term relationship between the customer and company is established. (Isoviita and Lahtinen, 1994, 29)
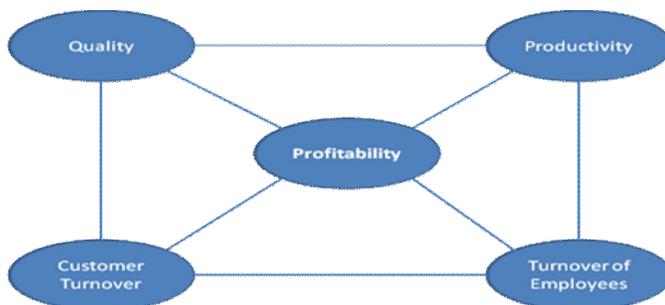

Figure 5 The factors that affect profitability according to customer relationship marketing (Isoviita and Lahtinen, 1994, 29)

2.2.3 The difference between customer relationship marketing and transactional marketing

Transactional marketing is named exchange marketing or supply marketing and it focuses on finishing one transaction efficiently and neglecting developing a relationship with customers. Table 2 demonstrates the detailed differences between exchange marketing and relationship marketing. (Isoviita and Lahtinen, 1994, 32)

Transaction Marketing	Customer Relationship Marketing
-focus on a single sale	-focus on customer retention
-product feature orientation	-product benefit orientation
-short time scale	-long time scale
-low emphasis on customer service	-high emphasis on customer service
-limited customer commitment	-intensive customer commitment
-moderate customer contact	-high consumer contact
-quality is primarily a concern of production	-quality is the concern of everyone

Table 2 The differences between transaction marketing and customer relationship marketing (Isoviita and Lahtinen, 1994, 32)

Grönroos (2000, 26) contends that the process of creating value to customers from the relationship perspective and exchange perspective is totally distinct. As figure 6 shows, from the exchange perspective, value can be distributed by companies through embedding the value inside the final product. From the relationship perspective, value is created through communication between customers and companies. In conclusion, relationship marketing focuses on vale creation and the value-creating process rather than value distribution and the value-distribution outcome. (Grönroos, 2000, 26)
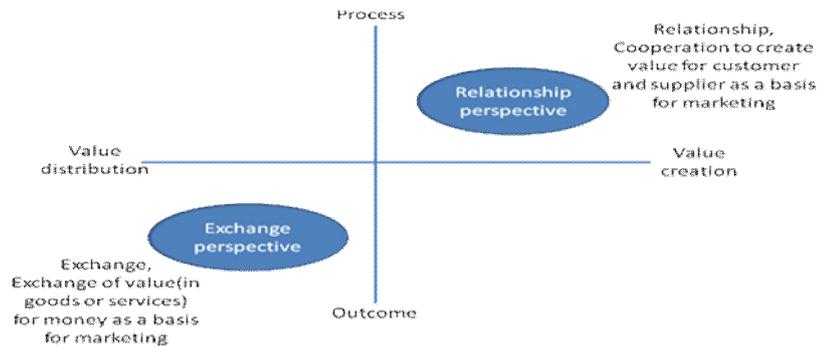

Figure 6 The exchange versus the relationship perspective in the marketing process (Grönroos, 2000, 27)

Figure 7 shows that customers and companies are independent elements, a majority of companies ignore needs from their customers in transactional marketing and they are only responsible for producing their products. So conflicts arise between customers and companies, companies try to persuade consumers to buy the products which maybe customers do not want. However, in relationship marketing, customers and companies are interdependent mutually. Companies can identify the needs of customers and produce products to satisfy customers' needs, there is no conflict but cooperation between two parties. Hence, it is easier not only in developing a long-term mutually beneficial relationship, but also will increase customer loyalty in relationship marketing. (Grönroos, 2000, 28)
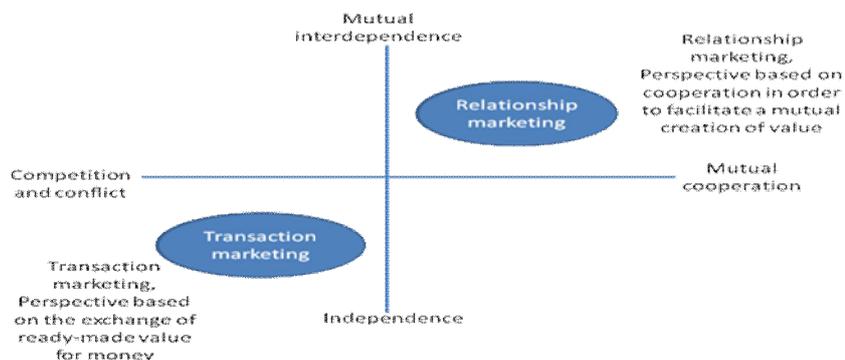

Figure 7 Inherent values in relationship and transaction marketing (Grönroos, 2000, 28)

2.2.4   Marketing mix in customer relationship marketing

2.2.4.1 Extended marketing mix

The original 4Ps' marketing mix is a combination of marketing tools to meet customers' needs and meanwhile make profits for the company. Kotler and Armstrong (2006, 50-51) indicate that there are four elements: product, price, place and promotion. A competitive marketing strategy is composed of these four elements. Companies can provide the intangible service or physical product to a target group. Price is the value that customers are willing to pay and companies can benefit as expected. Place can be considered to be an occasion where customers can purchase the product. Promotion advertises the special features or benefits of the product to attract customers' attention to the target market. (Kotler and Armstrong, 2006, 50-51)

Compared with the traditional 4 P's, figures 8 demonstrates that there are three more elements added within the traditional customer relationship marketing, namely processes, people, customer service and it turns out to be the new extended marketing mix. Customer service becomes the centre of the network of a marketing mix because service differentiation is a unique competitive advantage. 80% of customers' impression of quality comes from the extended marketing mix elements; only 20% comes from the technical aspects. This rule demonstrates that people are the key to the success of the marketing. If the feedback from customers is positive, the relationship network will bound firmly. (Lahtinen & Isoviita, 1994, 34)
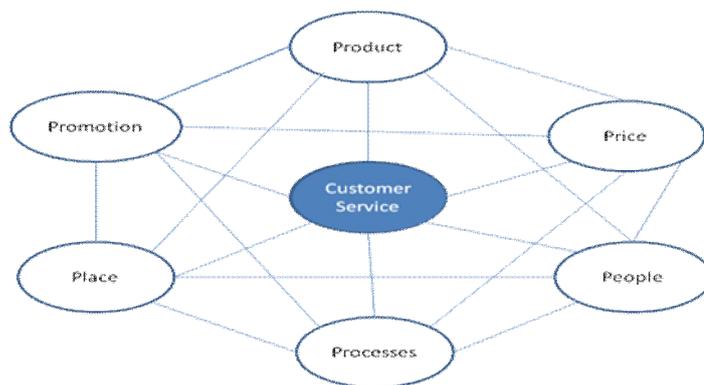

Figure 8 Marketing mix in customer relationship marketing (Extended marketing mix) (Lahtinen & Isoviita, 1994, 34)

 2.2.4.2   Customer service

In traditional marketing, customer service can be considered as a part of products or personal selling. But in current marketing, customer service is an individual element because it contributes momentous influence in establishing, maintaining and enhancing customer

loyalty. If a company applies the customer relationship approach, the organization of the company will be reversed as the following figure 9. It shows that the department of customer contact personnel is highly valued in word-of-mouth marketing. In addition, departments of internal service personnel and management are responsible for supporting customers in contacting personnel to satisfy customers' needs. (Lahtinen & Isoviita, 1994, 36)
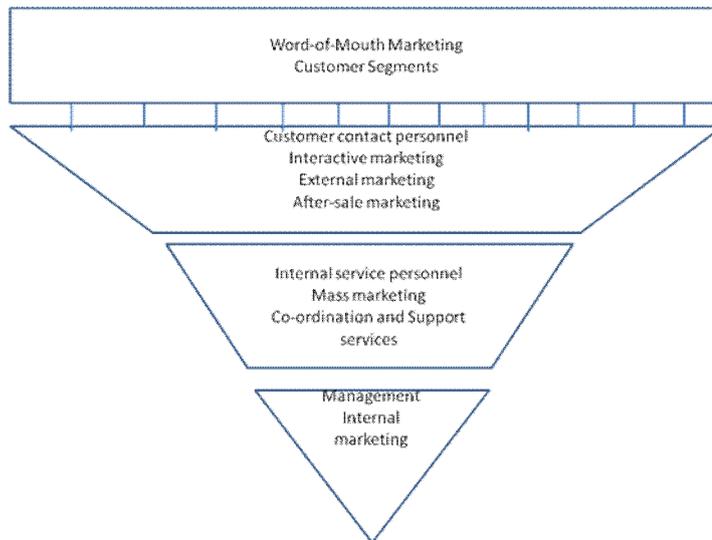

Figure 9 The organization chart of companies and non-profit organizations which have adopted a customer relationship marketing approach (Lahtinen & Isoviita, 1994, 36)

2.2.4.3 The element of people

People is basic but vital element in relationship marketing as all marketing operations will be executed by people, whether in the product industry or service industry and especially in the service industry. Service is intangible so customers sense personnel behaviour in the service industry. If the company can provide professional and appropriate solutions to assist different customers to solve their problems, it can be considered successful service. Not only in service marketing but in the product industry as well, it is necessary to focus on the quality of the products, but companies need to pay more attention to services section too. Concerning services section, the personnel must learn three communication skills: questioning the customer, maintaining eye contact and listening to the customer. Through these skills, salespersons can identify customers' needs clearly and satisfy them. (Lahtinen & Isoviita, 1994, 3)

2.3   Stages of the customer relationship

  2.3.1   Segmentation

2.3.1.1   The concept of segmentation

Marketing segmentation is a marketing tool to assist companies to identify the target market and it categorizes the market into several distinct groups based on the similar need for the products or services. It is impossible for a company to design products for every single consumer but it is more efficient and profitable to provide different versions of the same product to different target groups by concentrating on segments. If the company separates the segments well, it will bring much profit and a high return of marketing expenses. (Marketing segmentation 2010)

There are three approaches towards marketing: undifferentiated marketing, segmented marketing and single-segment concentration. In the undifferentiated marketing, companies have not defined the target group and companies regard the whole market as their potential consumers. This marketing strategy concentrates on common needs from customers instead of varied needs. It depends on a number of advertisements and mass distribution to give a deep impression in customer's mind. It is the most inefficient and unprogressive marketing. Compared with more-focused competitors, there is no obvious competitive advantage. In the segmented marketing, companies decide to target several market segments and design for each. Although differentiated marketing will bring high sales and a strong position in the same industry, the costs of doing business increase. Developing segmented marketing needs additional fees on marketing research and promotion planning. Thus, companies must consider more seriously when they decide segmented marketing as the marketing strategy. Single-segment concentration is also named niche marketing, and it offers small companies' big opportunities to serve the narrow marketing, which big companies always ignore. (Kotler & Armstrong, 2000, 252-253)

2.3.1. 2 Bases for segmenting consumer markets

Researchers can segment consumer markets into two approaches: some researchers believe forming segmentation through detecting consumer characteristics, for instance, from geographic, demographic and psychographic segmentation. After collecting the customer information, it is convenient to group them and to satisfy their diverse needs. Other researchers advocate seeking consumer responses to segment, such as occasions and usage rate. Above mentioned approaches are feasible depending on the services or products the company offers. The major segmentation variables are geographic, demographic, psychographic and behavioural segmentation. Demographic segmentation will be explicated since this segmentation is related with case company's questionnaire. In demographic segmentation, the market is separated into groups on a basis of variables such as age, gender, income, occupation and education. Demographic variables are common based on dividing customer groups because the customer needs, preferences and usage rates are often combined with demographic variables. (Kotler, 2000, 263)

2.3.1.3   Segmentation procedure

Figure 10 illustrates that the process of segmentation can be divided into five sections and the author will be elaborated in each section.

Figure 10 Segmentation procedures (Lahtinen & Isoviita, 1994, 42)

In the first section, the companies will define the potential customers by means of marketing research tools. Companies should select the most appropriate marketing approach concerning the special features of products. The success of the segmentation depends on whether the profit increases or not. Secondly, customers are segmented into different markets according to a number of criterions which can distinguish customer buying behaviours. After segmentation, the next section is to select the target groups. A premise for the target market is that products and the marketing program are planned and tailored for every group. Subsequently, companies should decide which marketing operation will be used in each segment. The last section is to apply marketing strategies and to control results. Companies will achieve success if it is not only can satisfy customers but also make profits. Monitoring the results is essential for continuing marketing operations and improving customer services. (Lahtinen & Isoviita, 1994, 44-45)

 2.3.1.4   Benefits and dangers of segmentation

The benefits of segmentation optimize the probability of matching customers' need with products and improve the selling efficiency. Sometimes segmentation will cause troubles if it

has not been implemented properly, for example, segments too small to be profitable or unsuitable selection of segments. (Lahtinen & Isoviita, 1994, 45)

2.3.2 Developing the customer relationship

A mass marketing strategy usually applies at the beginning of marketing activities because the initial objective of this strategy is to attract as many customers as possible. Traditional mass marketing will spread products information to reach potential customers by newspaper, television advertising and other mass of marketing techniques. Either mass marketing or interactive marketing belongs to external marketing when establishing customer relationships. The customer relationship will be built when customers contact the company or the company representative contacts customers directly or indirectly and this is obvious movement from mass marketing to interactive marketing. The objectives of interactive marketing are stimulating sales, encouraging impulse buying and developing customer relationships. The first impression from the companies' personnel to contract customers is very important as it represents companies in the interactive marketing. An interactive marketing strategy minimizes the target group from mass marketing. Possible customers will become customers at this stage. (Lahtinen & Isoviita, 1994, 50) Interactive marketing is needed in developing a customer relationship but it is a relatively passive way to manage the relationship. After-sales service is instrumental in developing a customer relationship stage. It is quite often that companies sell the same product but customers will select the one which offers better after service. After service will be a relatively competitive advantage to help customers differentiate the same products from different companies. It is easy to make a first purchase through mass marketing or interactive marketing, whereas the repeat purchase is not easily achievable. When the customer expresses the interest in products and decides to buy twice, this sign can be considered that the solid customer relationship has been built. The activities related to after-sales service are named after-sales marketing. The theory based on after-sales marketing is that it is easier and less time to keep existing customers than to attract new customers. The objectives of after-sales marketing are increasing sales volume, strengthening the customer relationship and developing customers into regular customers. Meanwhile, the after-sales marketing operations are after-sales contacts, direct advertising, direct selling, and accessibility of services such as maintenance, training and delivery on time. (Lahtinen & Isoviita, 1994, 50-52)

2.4 Building appropriate CRM with right customers

Figure 11 demonstrates that there are three levels to establish appropriate CRM with right customers. Two of the elements, market segmentation and target marketing, are discussed in chapter 2.3. Now market position will be elaborated. (Kotler & Armstrong, 2000, 259)

Figure 11 Steps in marketing segmentation, targeting and positioning. (Kotler & Armstrong, 2000, 259)

2.4.1 Choosing a position strategy

Companies must confirm position strategy in the target marketing after segmenting the marketing. Companies must distinguish their products from others to create their own competitive advantage. The positioning task comprises three sections: identifying possible competitive advantage, choosing the appropriate competitive advantage and selecting an overall positioning strategy. (Kotler & Armstrong, 2000, 259)

2.4.1.1 Identifying possible competitive advantages

The concept of competitive advantage is an advantage over competitors gained by providing consumers greater value, either by lower prices or by providing more benefits in accord with higher prices. Companies' competitive advantage is based on that understanding customers' needs better and delivering more added value than competitors do. Differentiation is the sign of companies' competitive advantages. Differentiation can be separated into several aspects: product differentiation, services differentiation, channel differentiation, people differentiation and image differentiation. Companies need to identify their product or service's differentiations and utilize them to raise sales volume and enlarge market share. Production differentiation is the most basic differentiation, which can be divided into two categories. One is products with little variation, such as food and commodities; another is products with high differentiation, for instance, cars, mobile phones and clothing. These highly diversified products can be distinct in the aspects of design, features, performance and styles. When companies produce the same products, they still can be outstanding in the service differentiation. Some companies offer better delivery service, some provide customer training service or consulting services to satisfy consumers' needs. The above service differentiation will assist companies to attract customers and improve customers' loyalty. Channel differentiation is the way companies design the channel's distribution, expertise and performance compared with the traditional ways to gain competitive advantage. People differentiation is the company hiring and training people, who are different from competitors. Especially for salespersons, if the company hires salespersons that not only have professional knowledge but understand different customers' various needs as well. It is

intangible competitive advantage for the companies to distinguish from competitors. Even if companies offer the same products and the same services but the consumers embed company or brand image beforehand. Developing an impressive image differentiation requires time-consuming and promotion costs, such as increasing advertising costs. (Kotler & Armstrong, 2000, 259-261)

2.4.1.2 Choosing the right competitive advantages

Kolter and Armstrong (2000, 261) argue that if a company is lucky to gain several competitive advantages, the problem generates to select how many and which ones to establish position strategy. Some marketing personnel believe that companies should select one most conspicuous feature of the product and insist on promoting it. However, other marketing personnel suggest that advertise all differentiations together to arouse customers' awareness. Marketing personnel should contemplate on selecting which method is more effective depending on the realistic situation. (Kotler & Armstrong, 2000, 261)

Companies usually makes three common mistakes in building position strategy: underpositioning, overpositioning and confused positioning. The result of companys' underpositioning is only an indefinite product or service image in consumers' mind. Overpositioning leads to disappointment and complaints when customers detect the product or service does not meet their original expectations. Confused positioning leaves buyers a confused image of the company. These three common errors should be avoided in making the position strategies. (Kotler & Armstrong, 2000, 261-262)

2.4.1.3 Selecting an overall positioning strategy

Consumers will usually select one product or service which can deliver the greatest value for them. Markets will position their brands in accord with their mixed and outstanding attributes to compete with competitors. The full positioning of a brand is named the brand's value proposition, which indicates the full mix of benefits upon which the brand is positioned. Figure 12 illustrates possible value propositions which companies will take to position their products or services. In the figure 12, the five blue areas are successfully positioned to make profit but the orange squares express failed position strategy with no competitive advantages. The yellow section can be considered as breakeven area providing the same price and the same quality product. Thus, the company obtains five prosperous position strategies: more for more, more for the same, more for less, the same for less and less for much less. The strategy of more for more includes offering a highest quality product and charging a higher price. This positioning is always used in luxury goods because it not only provides high quality but also prestige as well. Companies can gain competitive advantage by supplying better

quality products compared with opponents at the same price. The strategy of more for less indicates a better quality product at a lower price for customers. The strategies of same for less and less for less respectively indicate the same quality product at a lower price and lower quality with a much lower price. (Kotler & Armstrong, 2000, 263-265)

Figure 12 Possible value propositions (Kotler & Armstrong, 2000, 263)

3   METHODOLOGY OF THE STUDY

3.1   Research methods

Quantitative methods focus on numbers and frequencies while qualitative methods concentrate on meaning and experience. Quantitative methods (e.g. experiments, questionnaires and psychometric tests) translate the collected data into word information. This method is related to the scientific and experimental approach but lacks deep description. Qualitative methods provide explicit and deep description but with low reliability, for instance, an interview. In modern research, most analysts will combine qualitative and quantitative methods together to optimize the reliability and validity. (Quantitative and Qualitative data 2010)

In addition, according to Saunders, Lewis and Thornhill(2007, 145), the quantitative research method is mainly applied as a synonym for any data collection technique (such as a questionnaire) or data analysis procedure (such as graphs or statistics) that generates numerical data. Ghauri and Grønhaug (2005, 109) argue that quantitative research employs measurement. In addition, the quantitative method is appropriate for a large target sample to analyze statistics reliably and validly. (Whether to Use Qualitative or Quantitative Research to Answer a Marketing Question 2000)

In this study case, quantitative research is suitable for this study on the basis of the sample group, which is quite large, approximately 200 target customers. In addition, the questionnaire is used to measure customer satisfaction and customer relationship with the

case company. Finally, the findings are reached by analyzing the collected data of the questionnaires.

3.2   Target group

The target group of this research is the entire existing customers about 200 in the department of customer assets management in Industrial Securities. The questionnaires were dispatched to these customers. The author finished her half-year internship in customer assets management, Industrial Securities in 2009. When the author decided to use her practice company as her thesis case company, she contacted the manager of customer assets management, Keyi Yan who is responsible for both marketing department and customer assets management department in Industrial Securities. Ultimately, the author was permitted to use Industrial Securities as her thesis case company, in addition, the manager also provided the customers' e-mail address to author.

3.3   Questionnair design

The questionnaire consists of four sections, including customer background information, customer relationship, customer satisfaction and communication. There were 17 questions, 16 of them were closed questions and the last one was an open-ended question to obtain subjective suggestions from each customer. The objective of the designed questionnaire is to improve the service quality supplied by customer assets management of Industrial Securities in the near future by analyzing customer satisfaction and loyalty and the business relationship between the case company and customers. The questionnaires were sent on 18th March by emails with a covering letter to explain who and why sent questionnaires to them. In addition, a reminding letter was sent one week afterward. The author spent two weeks to collect the feedback and analyze it by Microsoft Office. The author processed all the information from questionnaires to data, translated them into graphs by Excel 2007, and described the final analysis results.

3.4   Validity and reliability

McDaniel and Gates (2001, 295) contend that it is necessary to provide consistent results over time for a measurement scale to have reliability. It is impossible for researchers to, for instance, obtain conclusion or formulate theories from their research if they conclude results that can not be consistent with other independent observers. (Reliability 1993) The concept of validity is the degrees which the researchers intend to measure the accuracy of the study. (McDaniel & Gates, 2001, 296) Factors which can affect the validity are design of the questionnaire and the alternatives chosen for the questions, for instance, the scales in the

questionnaire. (Validity 1993) The obvious difference between reliability and validity is that the former one measures precision, whereas validity measures the accuracy. (Reliability Statistics, 2006)

In the reliability area of this study, data was gathered from reliable sources because the author had internship experience in the case company and it was very accessible for her to obtain customers' information from the manager of customer assets management. In addition, 200 questionnaires were sent and 58 were received but 52 were the valid questionnaires. The rate of valid questionnaire was 26% , which could be considered that meets the case study sample demands, and the results can sustain repeated tests. To ensure the reliability of this research, the author confirmed the research results several times by collecting, processing and analysing them. In the validity area, to guarantee the validity of the research, the questionnaire was designed for a long period to ensure all the questions were as logical as possible and the scales were used to ensure the accuracy of the research.

4   CASE COMPANY: INDUSTRIAL SECURITIES
4.1   Case company introduction

After phone interview with the manager of the department of customer assets management, Keyi Yan, the author acquires the following basic information of Industrial Securities: Industrial Securities, which is approved as Class A by the China Securities Regulatory Commission, is one of the national innovation securities companies. The business scope of this company covers security underwriting, brokerage, proprietary trading, and investment consulting services, entrusted asset management, online securities commission business and establishment of investment funds. After 19 years long efforts, Industrial Securities has been developed into large-scale securities which include 4.6 billion RMB net assets, 17.4 billion RMB total assets, 2300 billion RMB in client assets, 18 headquarters departments, 29 stock exchange departments, 11 securities services departments, 2 holding subsidiaries and more than 2000 professional employees. Particularly in recent years, the main business of the company ranks the leading position in the industry due to seizing the market opportunities. With the improvement of general competitive strength, anti-risk capability and market Influence, Industrial Securities plays an important role in building economic zones in the western of China. The customer assets management department belongs to the entrusted assets management business operation, which helps customers increase value of the assets through investing profitable projects such as stocks or bonds. (Industrial Securities 2010)

4.2   Customers

The customers of the customer assets management department are people who have cash at

least 5 million RMB (which is equal to 0.5 million euro) without considering the intangible assets such as real-estate properties or cars. Until now in the customer assets management department, there are about 200 existing customers.

4.3   Company organizational structure
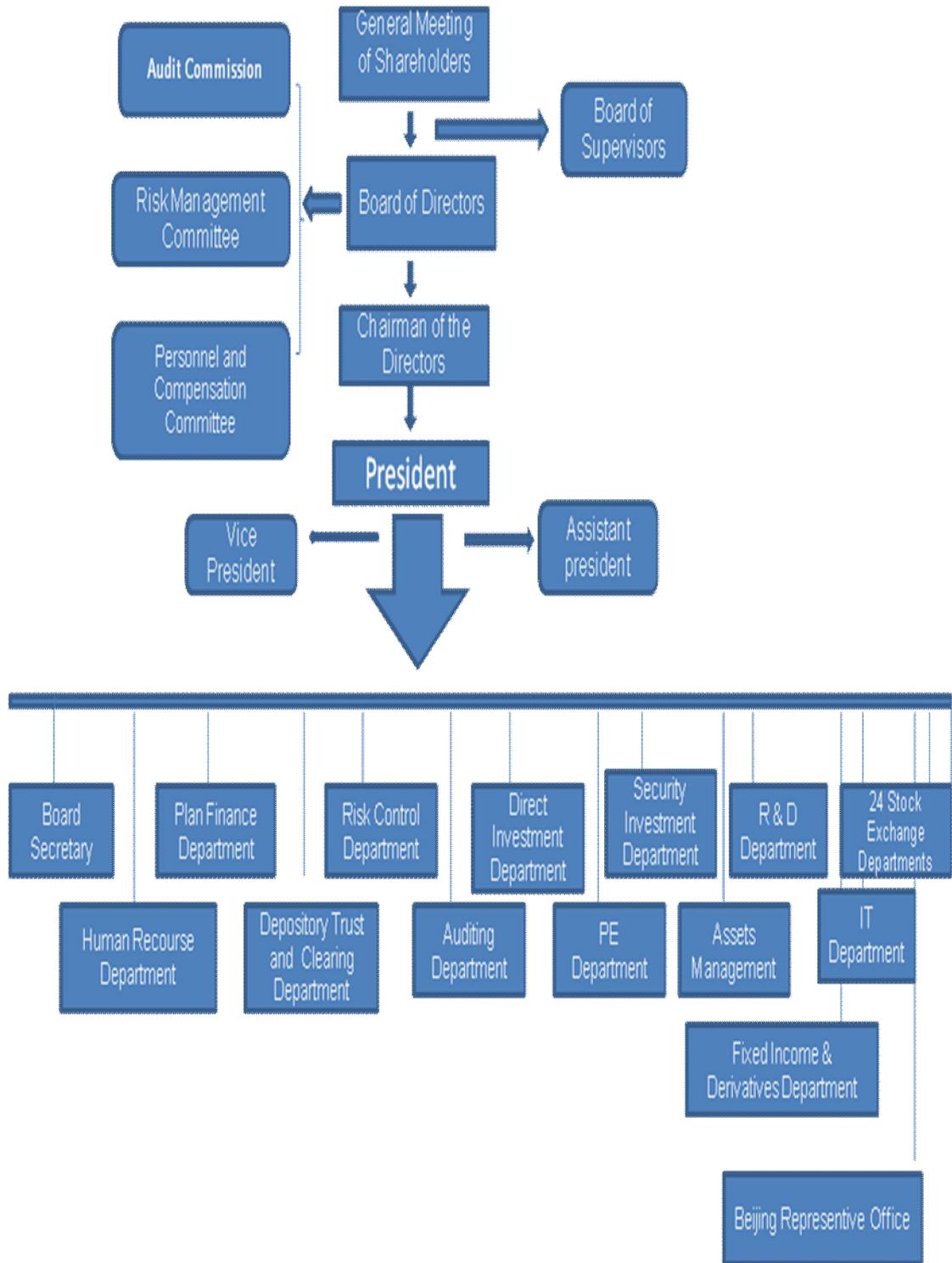
Figure 13 Organizational structure

5   RESULT OF EMPIRICAL STUDY

5.1   Background information
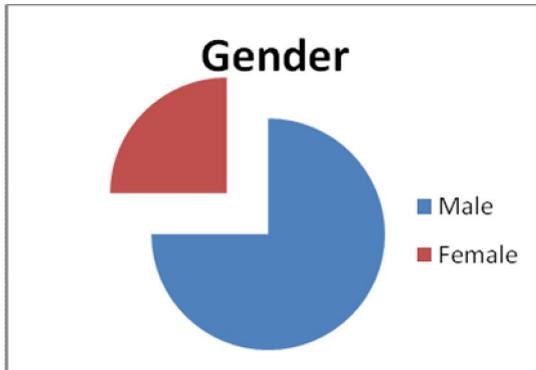

Figure 14 Customer gander
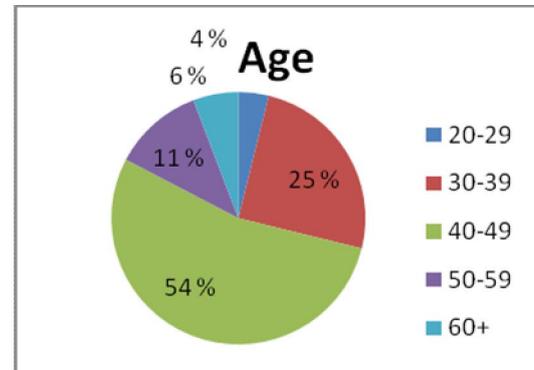
Figure 15 Customer age
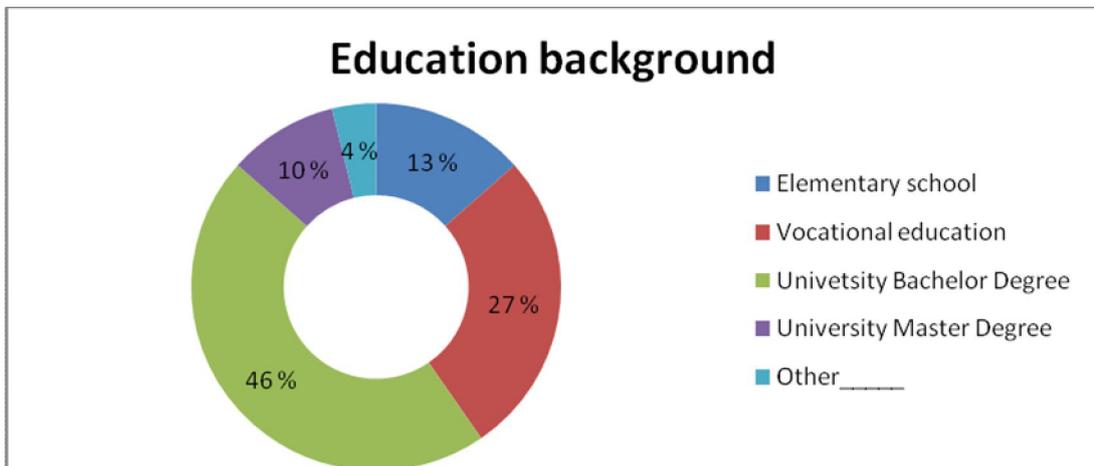
Figure 16 Customer education background

Four questions at the beginning of the questionnaire are related to the target customers' background information, such as gender, age, education background and occupation. By acquiring their basic personal information, the company can realize the need from different customers and serve them better in the near feature. Figure 14 shows that 39 are male, which accounts for 75% , three times bigger compared with the female number. Males are the main force in the customer assets management department. It can be seen from figure 15 that the age between 40 and 49 accounts for more than half of all respondents. The group of age 30-39 is the second largest group shares one quarter. The smallest group is the youngest group. Groups of age 40-49 and 30-39 contribute the most for the company, which account for 80% together. The requirement of minium cash assets for customers of Industrial Securities is 5 million RMB. Age group between 30 and 49 people is the middle class in chinese society because they have many years working experiences, saving and they are willing to invest to increase their fortune. As figure 16 demenstrates most people have finished their degree studies, the second biggest group accounts for 27%, graduated from vocational school,

master graduates only share 10%. Concerning the occupation, most customers are engaged in education, finance, medical care and entrepreneur business fileds. The final findings about the customer personal information are that the main group of customer assets management department is the age group of 30-49 males with bachelor degrees, who are mainly centralized in the field of education, finance, medical care and entrepreneurship.

5.2   Business relationship

5.2.1   Cooperation time with Industrial Securities
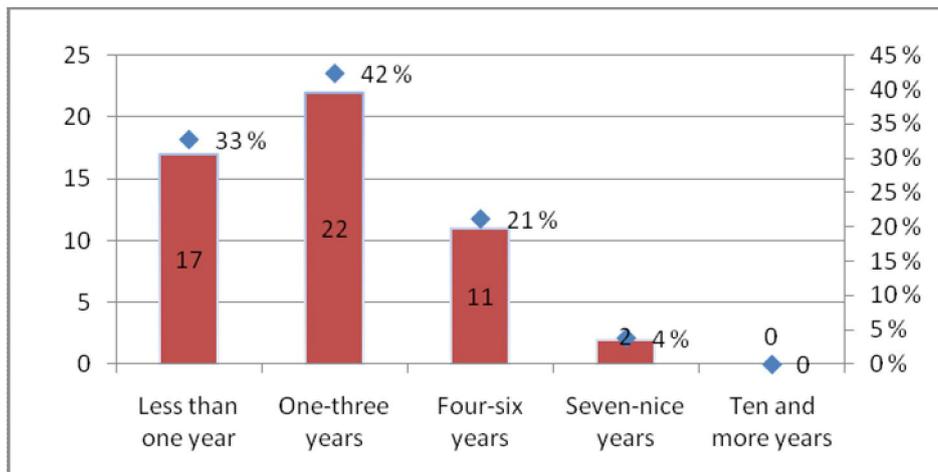
Figure 17 Cooperation time with Industrial Securities

According to figure 17, One-third of repondents have been customers of Industrial Securities for less than one year; these new customers can be considered as the first cooperation with Industrial Securites. If the company can satisfy them well, they will continue the business relationship with the company. Less than half of customers have relationship with the case company for one-three years, the company should provide superior services to satisfy customers to improve their realationship with the company. Customers who have four-six years relationship with the company can be grouped as mature customers and they will be loyal customers soon. No customers has the relationship with the Industrial Securites for ten or more than ten years although the department has been set up for more than ten years, which indicates that the company still needs to foster the relationship with the customers.

5.2.2   Service classification

Figure 18 illurstrates that 42% of customers purchase the stock investment service, which indicates that most customers like to make profits quickly but risky. The feature of the stock, which can be profitable in a short-term period but highly risky. Fund service is featured by a general profit with a general risk whthin a medium term, which accounts for 33%. Most customers purchase the stock and fund services, only 19% of customers buy the bond service,

which is with a lowest risk and a lowest profit, but as figure 19 shows most customers prefer to sign the medium-term contract to make fortune slowly but stably. Customers prefer to make profits quickly but like to sign medium-term contract looks contradictory with figure 18, but taking the deep consideration, it is caused by consumer psychology. Although most people prefer to acquire the return from investment quickly, they will be very cautious when investing with their own assets.
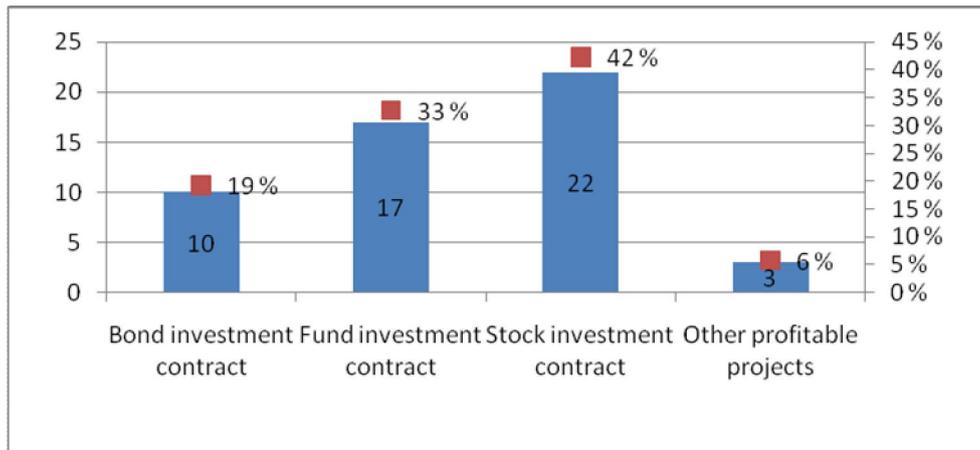

Figure 18 Services classification

5.2.3   Investment period
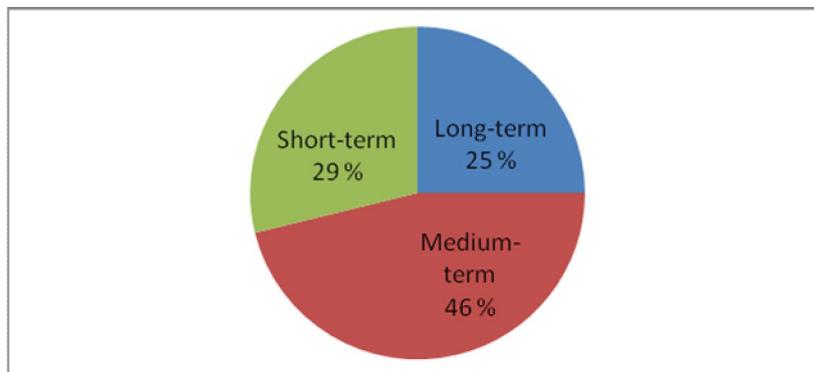
Figure 19 Investment period

5.2.4   Features of Industrial Securities

These four charts show the most distinguished service features of Industrial Securites. Figure 20 shows one-third of customers think Industrial Securities has normal reputation, only 15% of customers believe that Industrial Securities owns good repution. This information is instrumental for brand-building of Industrial Securites. As figure 21 shows, more than half of customers are satisfaied with the professional service Industrial Securities provides. Figure 22 demonstrate that 34% of respondents are pleased with their return rate on investment, at the

same time 31% of customers are unsatisfied with their profitability. The number of unsatisfied customers is almost as many as the number of satisfied customers. In the securities industry, earning ability is the most significant element to attract new customers and retain existing customers. Figure 23 shows that alsmost all customers are satisfied with valuable advice and 42% of customers are completely satisfied. Combining these four charts, valuable advice and professional service are Industrial Securities' competitive advantages, but the company needs to improve return rate on investment and brand building.
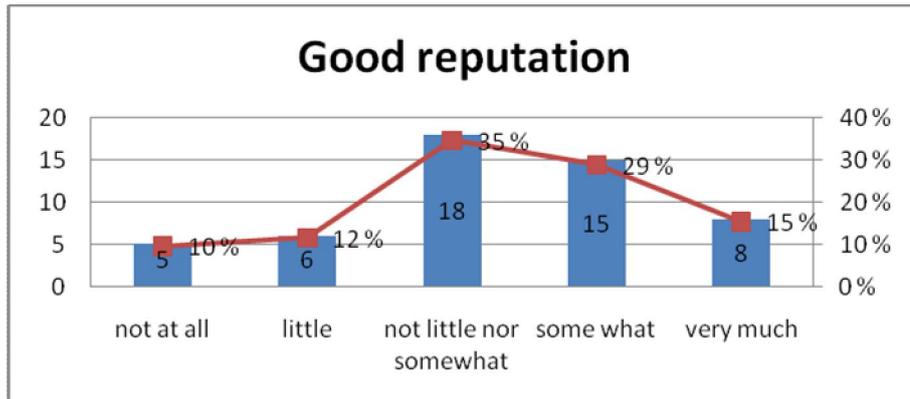
Figure 20 Good reputation
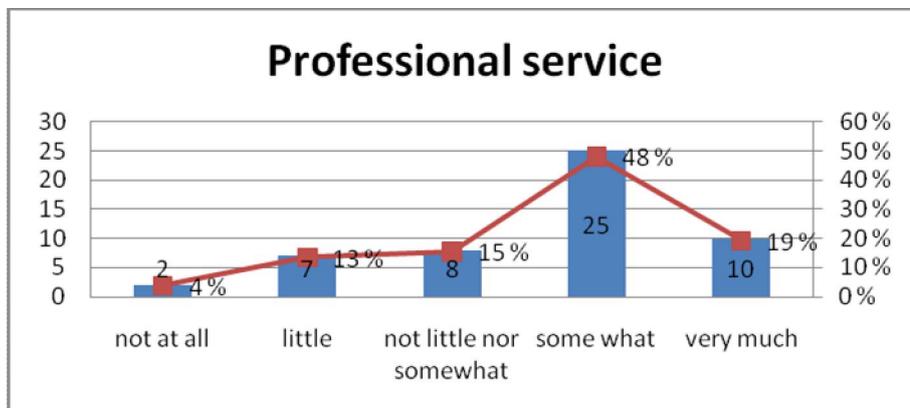
Figure 21 Professional service
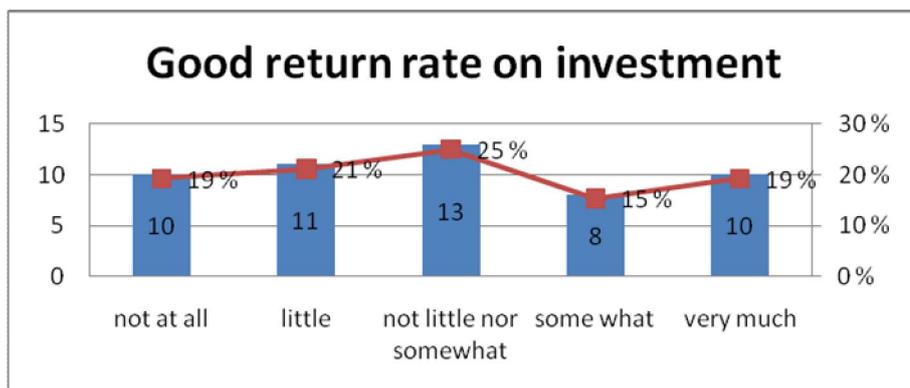
Figure 22 Good return rate on investment
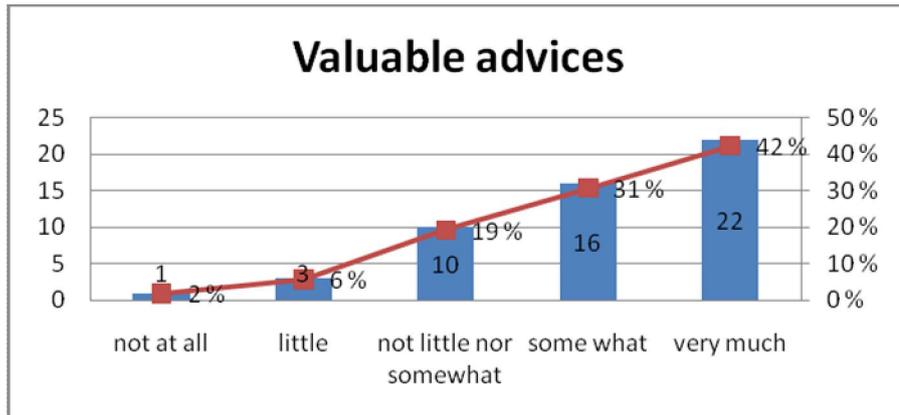
Figure 23 Valuable advices

5.3   Customer satisfaction

### 5.3.1   Degrees of satisfaction for the overall service
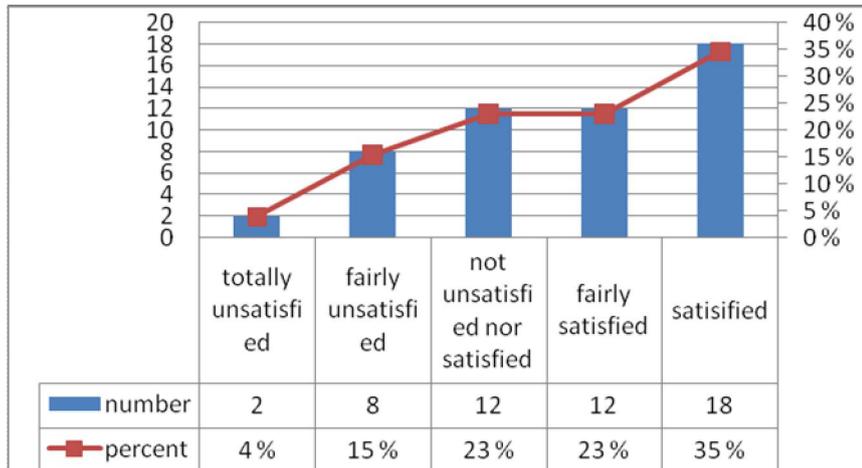
Figure 24 Degree of satisfaction

Figure 24 shows that 58% of customers are satisfied with the overall services while 19% of customers are not. It is a good sign that satisfied customers are three times more than unsatisfied customers on the overall services. 35% of customers are completely satisfied, they can be considered loyal customers and they maybe will tell their friends or relativers. 23% of customers are neither unsatisified nor satisfied with the overall service, the company needs to pay more attention to this group. If the company can manage them well, this 23% of customers will be fairly satisfied customers, even the satisfied, otherwise they will turn to the reverse direction.

5.3.2   Cost of the service

Figure 25 demonstrates that half of customers take neutral position on the cost of the services, their opinions are that the service charge from Industrial Securities can be adopted.

30% of customers consider that the expense is high . However, 19% of customers think the service charge from Industrial Securites is low. To sum up, industrial securities can adjust their service charge concerning its own situation, but at present, it is unnecessary to increase or decrease the fee. There is a small subtle connection between fiugre 24 and 25. Generally, the satisfied customers are willing to pay more, but it does not happen in this case. Most satisfied customers prefer that the fee remains the same.

	low	fairly low	not low nor high	fairly high	high
number	2	8	26	9	7
percent	4%	15%	50%	17%	13%
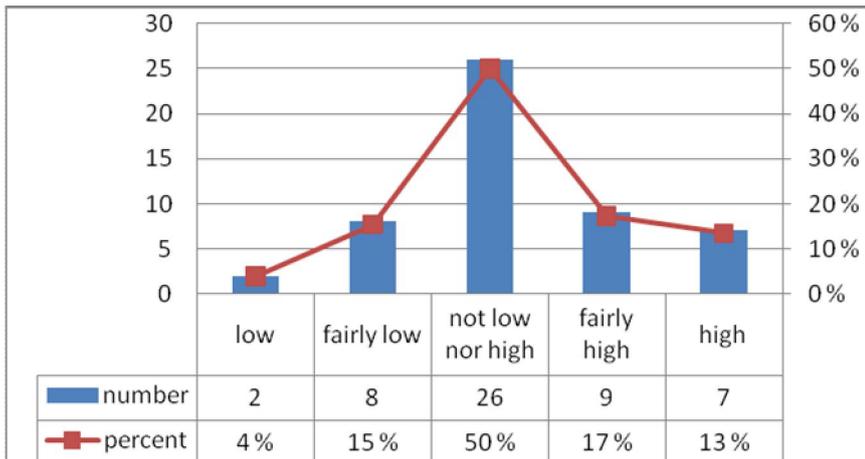
Figure 25 The cost of the service

5.3.3   Future relationship

|	will clearly decrease	will somewhat decrease	will not decrease nor increase	will somewhat increase	will clearly increase
number	3	5	22	7	15
percent	6%	10%	42%	13%	29%
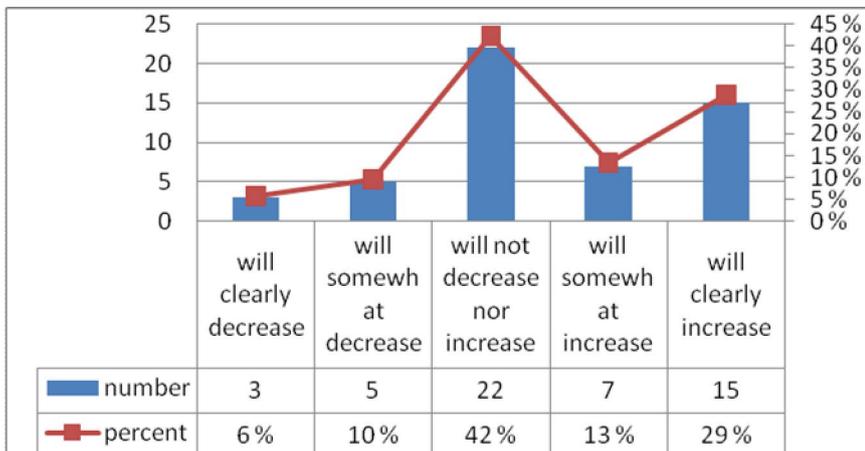
Figure 26 Future relationship

Figure 26 illustrates that 42% of customers tend to increase the cooperation with Industrial Securities. The more people satisfied, the longer cooperation will continue. 22% of customers hesitate to increase cooperation because figure 24 reflects that a number of customers are neither satisfied nor unsatisfied with the services. To increase the further cooperation in the future relationship, the most efficient way is to meet customers' need as they wish and always keep promises.

5.3.4   Competitive position of Industrial Securities

|	weak	fairly weak	not weak nor strong	fairly strong	strong
number	5	5	18	14	10
percent	10%	10%	35%	27%	19%
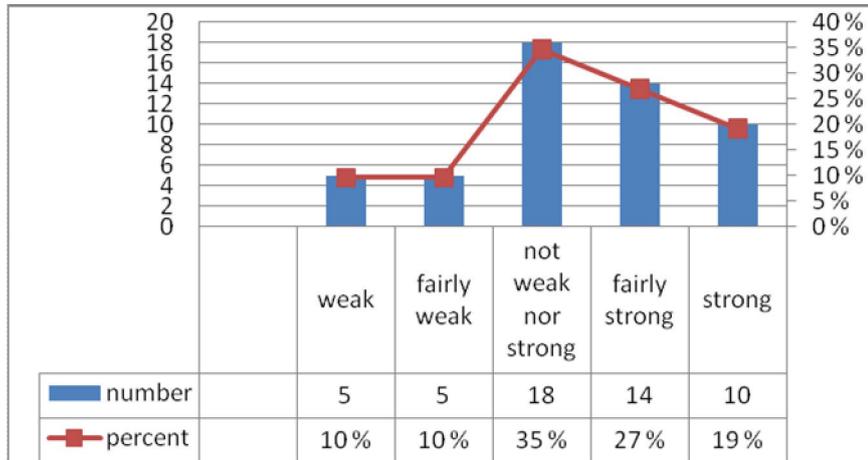
Figure 27 Competitive position

As figure 27 shows, 46% of customers consider Industrial Securities has a very strong competitive position in current marketing. 35% of customers think the company does not have any obvious competitive advantages compared with other securities. Analysing the information, the competitive position of industrial securities is above average, which can be considered middle plus.

5.3.5   Recommendation

	would definitely not recommend	would probably not recommend	would not recommend nor recommend	would possibley recommend	would definitely recommend
number	2	5	15	21	9
percent	4%	10%	29%	40%	17%
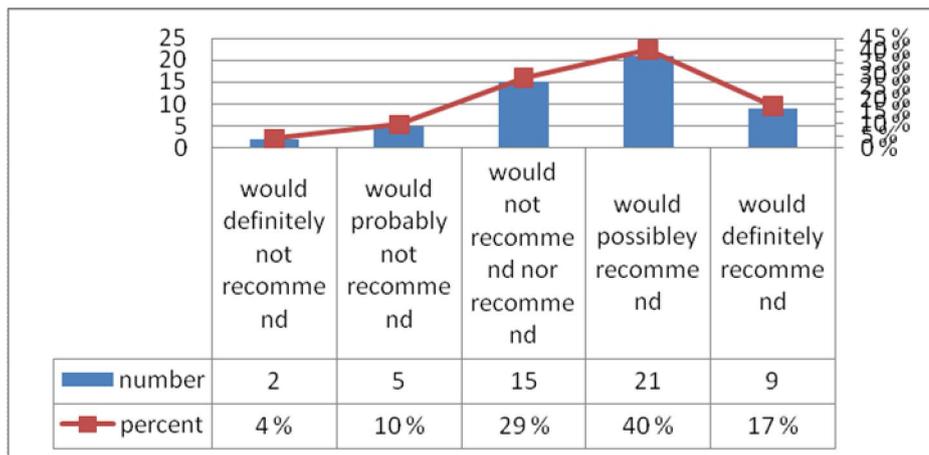
Figure 28 Recommendation

The recommendation can be utilized to measure customers' satisfaction accurately. Figure 28 illurstrates that over half of customers will recommend Industrial Securities' services to other people , including 17% of customers will strongly recommend. Nearly one-third of consumers would neither recommend nor recomme to keep the status quo. The company needs to strive for these approximately 30% customers by meeting their changeable needs.

5.4   Communication

5.4.1   Different interest degrees of different channel
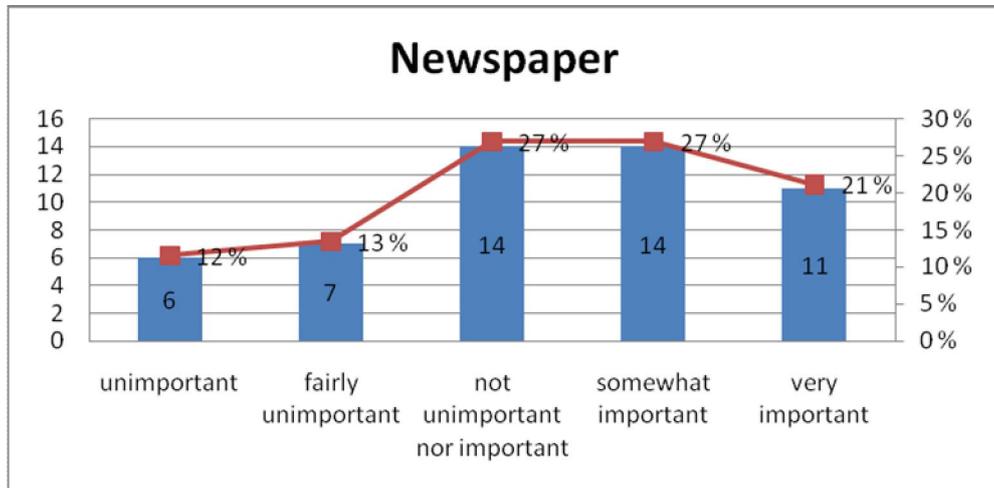

Figure 29 Newspaper
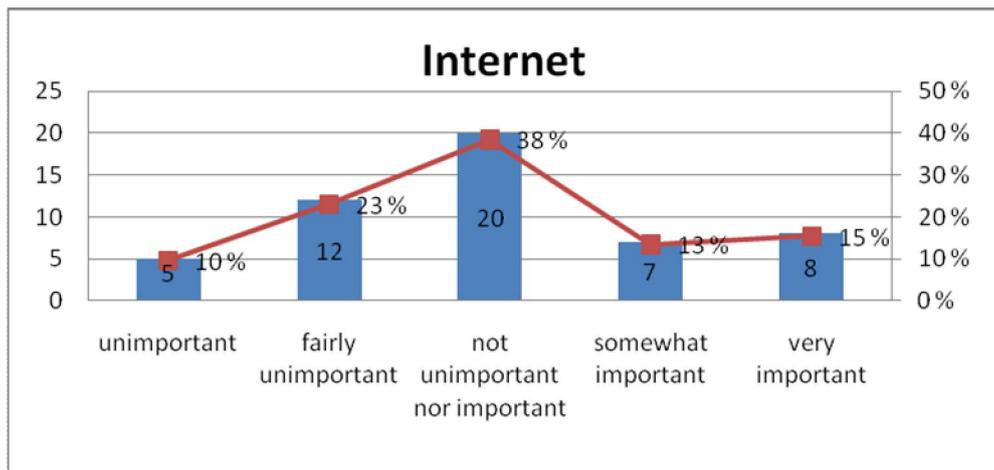
Figure 30 Internet
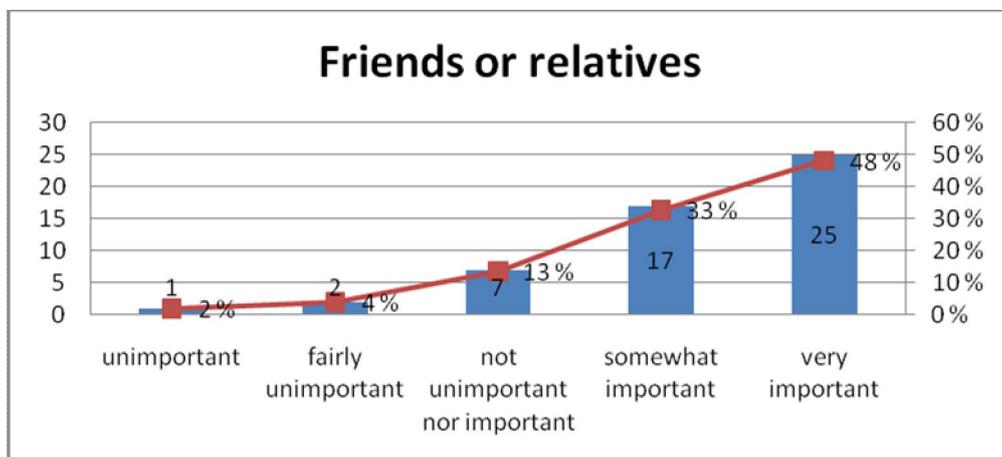
Figure 31 Friends or relatives
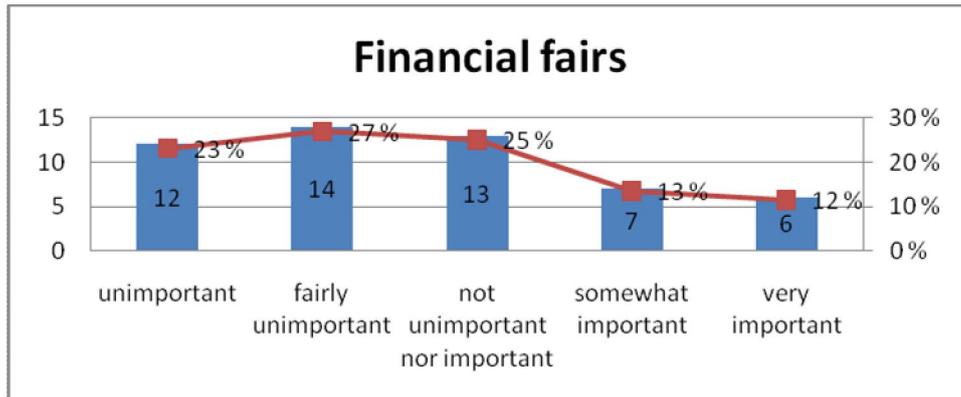
Figure 32 Financial fairs

The objective of figure 29-32 assists the case company to analyze customers' different degrees of interest on different channel, which will affect the company's promotion and advertising activities in the future. There are four channel options for customers to scale their degrees of interest, such as newspaper, internet, friends or relatives and financial fairs. 48% of customers consider that information from friends or relatives is the most persuasive and trustful. From source of newspaper is the second important channel from customers' view. Half of customers are not willing to acquire information of Industrial Securities in the financial fairs. If ranking the channel from high to low, it is friends or relatives, newspaper, internet, financial fairs.

5.4.2   Additional services from Industrial Securities

Figure 33-36 test the interest of customers for other services supplied by industrial securities. From the above four charts, brokerage service is the most popular one, which will be chosen by 73% of customers compared with other services. The second choice from customers is investment consulting services or online securities commission, which accounts for 65% and 60% of customers respectively. Fewer customers are interested in establishment of investment funds service.
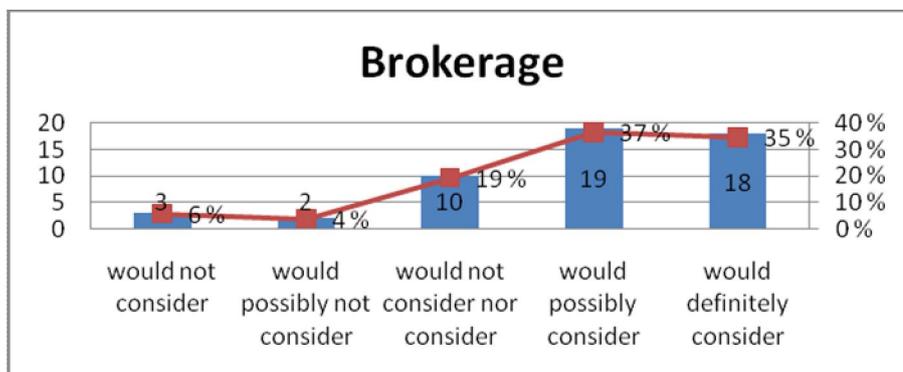

Figure 33 Brokerage
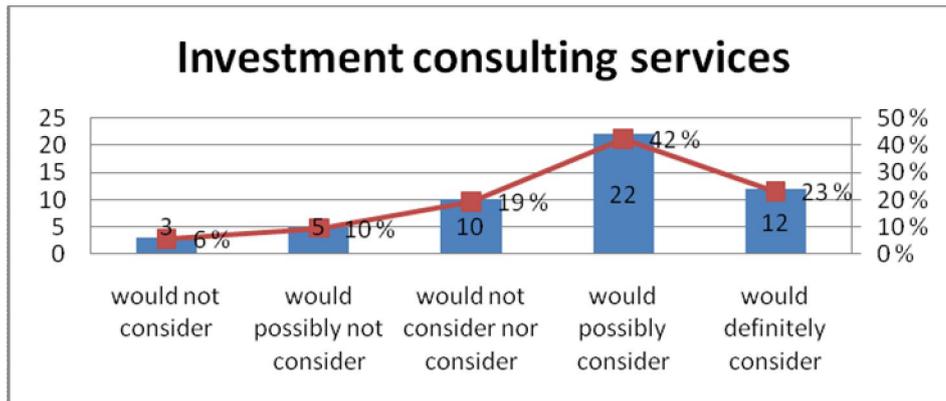
Figure 34 Investment consulting services
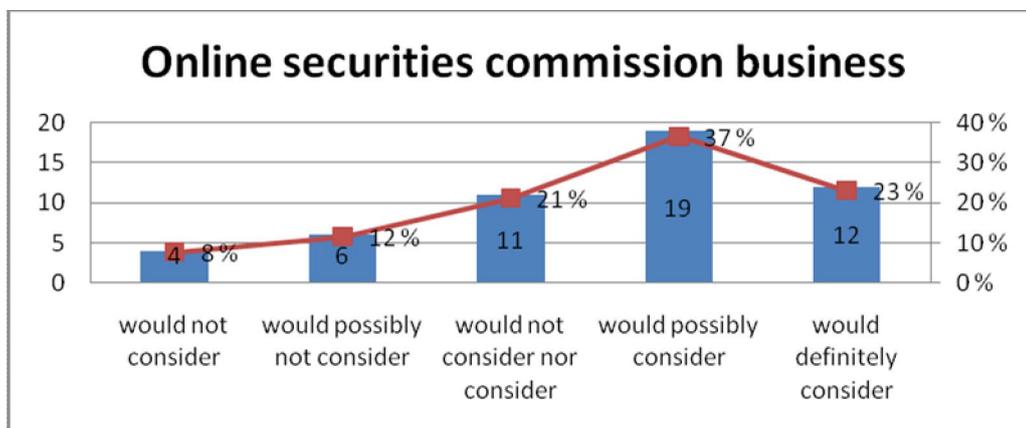
Figure 35 Online securities commission business
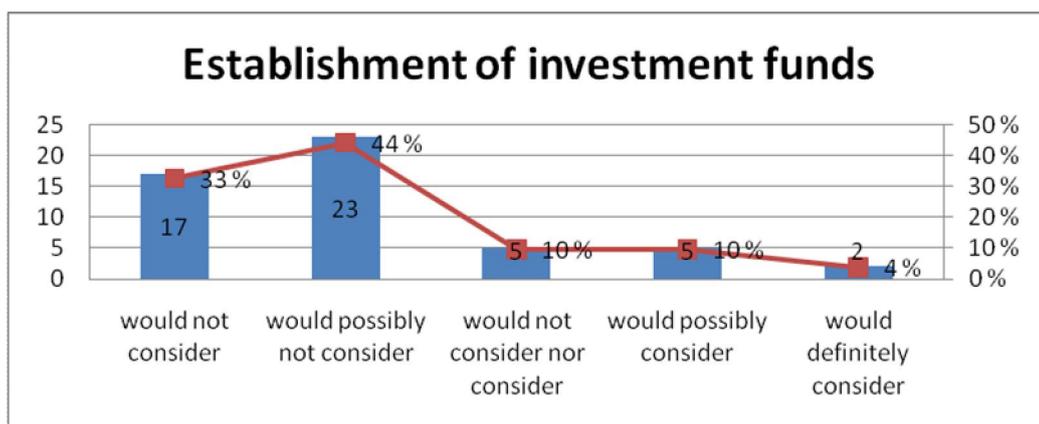
Figure 36 Establishment of investment funds

The questionnaire ends with one open question, which is to collect other suggestions from existing customers. Most customers were failed to fill it, only a few customers offered their suggestions for Industrial Securities. Some customers commented that they were very willing to fulfil questionnaire and felt happy that Industrial Securities has the sincerity to develop

the relationship with them. Other comments indicated that they hope Industrial Securities can increase the return rate on the profit.

6   CONCLUSIONS AND SUGGESTIONS

The narrow concept of CRM can be regarded as collecting customers' detailed information and build a long-term relationship with them to keep their loyalty. In addition, targeting potential clients is basic pace to transfer possible customers into formal customers. After analyzing the background information of customers in the questionnaire, the author finds that people who qualify the following criterions: male; age group from 30 to 49; graduated with the university degree; occupations in the field of education, finance, medical care and entrepreneurship are the most potential target customers. These valuable information will help company improve the service quality to meet these group customers demands and direct the way to attract new customers too.

The business relationship between Industrial Securities and customers is not as loyal as imaged because the author found most customers had relationship with the company for 1/2-3 years. Only one-fourth of customers had 4-9 years. However, the customer assets management of Industrial Securities has already been set up for more than 10 years. Considerable customers sign the stock and fund investment contract, by analyzing the background information, the author discovered that elder clients prefer a long term investment with stable profits and lowest risks, such as bond investment; The middle-age group prefers a medium-term investment with higher profits and higher risks. As the younger group, who prefer to invest with largest profits and highest risks in a short-term period, such as stock and other profitable projects. Professional service and valuable advice are the most distinct features of Industrial Securities, but they need endeavour to brand-building and earnings profitability. In author's opinion, the customers can have more options if Industrial Securities can combine services, for instance, customers can sign stock and bond services in accordance with different percentages, such as 60% of stocks service with 40% of bonds service. The more choices offer, the more customers will be attracted. This small change will bring a great effect whether on maintaining existing customers or bringing new customers. In addition, the company should not only make competitive advantage more distinguished but improve other features as well.

Measuring customer satisfaction can improve the case company's services to remake the marketing strategy to retain existing customers and foster their loyalty. The more satisfaction for customers, the higher customer loyalty the company will obtain. In addition, customer satisfaction will stimulate clients to continue relationship with the case company. In the questionnaire, a majority of customers are satisfied with the overall service from the

customer assets management department. Concerning the overall satisfactory service offering, customers consider that their payments are worthy. But less than half of customers said they would continue or increase their relationship with Industrial Securities in the future. The marketing position of Industrial Securities is middle plus in customers' minds. Over half of customers would like to recommend the company to others. In author's opinion, most customers are not as satisfied as imaged, the company still needs to work hard on how to satisfy customers. The questionnaire is a good and effective tool to measure customer satisfaction because it is anonymous and reliable.

Through the analysis of the communication section in the questionnaire, the author finds that customers like to acquire the information on the following channels with ranking from high to low: friends or relatives, newspaper, internet, financial fairs. Most of existing customers are interested in attempting brokerage and investment consulting services. By analyzing the customers' interest degrees of different channel, which is helpful in marketing strategy and promotion, for instance, advertising. People mentioned in the questionnaire who would attempt other services from Industrial Securities; the marketing department should act promptly to contract these promising customers.

7   SUMMARY

The practical research of the thesis is based on the theoretical background studies which are expended by the core discussion of customer relationship management. CRM is the whole process of building and maintaining profitable relationship with consumers through transferring customer value and satisfaction. In this case, CRM benefits the case company in the following aspects: developing CRM will increase customer loyalty; CRM will strengthen the case company's competitive advantages; and improving clients' satisfaction. Customer satisfaction can be measured whether the services meet their expectation or not. The questionnaire is a good tool to collect customer information and measure their degrees of satisfaction. Customer satisfaction will lead customers to loyal customers. Loyal customers will not only continue their relationship with company and can stand the test of time, but also will be alive advertisement and free spokesman to promote the company. Customer relationship marketing concentrates on customer retention, long time scale, emphasis on customers' services, intensive commitment and high quality service.

Generally, the objective of the study is to give constructive advice to the customer assets management of Industrial Securities on how to retain the business relationship with existing customers and compete in the intense securities industry in China from the point view of customer relationship management. In this case, maintaining the relationship with existing customers is more important than attracting new clients due to the limitation of the target

group. Retaining one customer is less time-consuming and costs less compared with attracting a new one. In addition, the solid relationship with old customers will help to bring new customers by mouth-to-mouth approach unconsciously. The questionnaire approach is applied in assisting this study, which aims at learning customer satisfaction, business relationship, and the extent of customer loyalty in the case company. All the feedback is collected and translated them into graphs, and then described them. The final findings can be generalized: weak business relationship, high customer satisfaction, low customer loyalty and marketing position with a middle plus. The weak business relationship with customers, lower customer loyalty and common competitive advantages can be regarded as the future challenges. The author gives the recommendations on the basis of the above theory studies, for instance, combining the services to enrich customers' options; keeping promises to the customers, sometimes even surprising customers to impress them deeply; and adjusting marketing strategy promptly.

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LIST OF FIGURES

LIST OF TABLES

APPENDICES

Appendix 1: Customers' questionnaire cover letter

Dear customer of Industrial Securities,

It will be extremely honourable for me if you can spare some time to read this letter.

My name is Wenqing Zhang and I'm studying Business Management at Laurea University of Applied Sciences in Finland. I have recently finished my half year internship at Industrial Securities Customer Assets Management Department in China. For my thesis Industrial Securities has kindly permitted me to use them as my case company, the focus being in customer asset management services.

The purpose of the thesis is to study customer loyalty from customer relationship management point of view. For the study I have developed a questionnaire with questions covering key aspects in customer satisfaction and customer relationships. The collected data of the questionnaire will be analyzed and then used for providing even better customer service in the future.

I would be extremely grateful if you can spend a few minutes to answer the questions of the enclosed questionnaire. Your answers and comments will be treated with highest confidentiality.

Thank you for your time!

My contact information:
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Appendix 2: Customers' questionnaire

Questionnaire

A. Customer Background Information

1. Gender (Please circle the right choice)
   A. Male   B. Female

2. Age (Please circle the right choice)
   A. 20-29   B.   30-39   C.   40-49   D.   50-59   E.   60+

3. Education Background (Please circle the right choice)
   A. Elementary School   B. Vocational education
   C. University Bachelor Degree   D. University Master Degree
   E. Other_____

4. Occupation _____

B. Business relationship

1. How long have you been a customer of Industrial Securities? (Please circle the right choice)

A. Less than one year   B. One-Three years   C. Four- Six years
D. Seven-Nine years   E. Ten and more years

2. What Asset Management services are you supplied by Customer Assets Management of Industrial Securities? (Please circle the right choice)

A. Bond investment contract   B. Fund investment contract
C. Stock investment contract   D. Other profitable projects

3. What kind of investment period do you prefer?
A. Long-term   B. Medium-term   C. Short-term

4. Which expectations and to what degree have influenced your decision to become a customer of Industrial Securities Asset Management? (Please circle the right choice on a scale 1-5: 1= not at all, 2= little, 3= not little nor somewhat 4= somewhat 5= very much

A. Good reputation   1   2   3   4   5
B. Professional service   1   2   3   4   5
C. Good return rate on investment   1   2   3   4   5
D. Valuable advices   1   2   3   4   5
E) Others, what_____

C. Customer Satisfaction

1. Overall, how satisfied are you with service provided by Industrial Securities asset management services?
(Please circle the right choice on a scale 1-5: 1= totally unsatisfied, 2= fairly unsatisfied, 3= not unsatisfied nor satisfied, 4= fairly satisfied, 5=totally satisfied

 1 2 3 4 5

2. How do you find the costs level of the services offered by Industrial Securities in asset management? (Please circle the right choice on a scale 1-5: 1= low, 2= fairly low, 3= not low, not high, 4= fairly high, 5=high)

 1   2 3 4 5

3. How would you evaluate your future relationship and cooperation in with Customer Assets Management services of Industrial Securities? ((Please circle the right choice on a scale 1-5: 1=will clearly decrease 2=will somewhat decrease 3 = will not decrease nor increase 4= will somewhat increase 5= will clearly increase)

   1 2 3 4 5

4. How would you describe the competitive position of Industrial Services in Asset Management Services? (Please circle the right choice on a scale 1-5: 1= weak 2= fairly weak 3= not weak nor strong 4= fairly strong 5= strong)

   1 2 3 4 5

5. Would you recommend the Asset Management Services of Industrial Securities to others? (Please circle the right choice on a scale 1-5: would definitely not recommend 2= would probably not recommend 3= would not recommend nor recommend 4= would possibly recommend 5= would definitely recommend

   1 2 3 4 5

D. Communication

1.From which channels do you find information of asset management services (Please circle the right choice on a scale 1-5: 1 = unimportant 2= fairly unimportant 3= not unimportant nor important 4= somewhat important 5= very important)

A. Newspapers   1 2 3 4 5
B. Internet   1 2 3 4 5
C. Friends or relatives   1 2 3 4 5
D. Financial fairs   1 2 3 4 5
E. Other channels_____

2. Which of the following additional services of Industrial Securities would you consider to try in the future? (Please circle one choice on a scale 1-5:1= would not consider, 2=would possibly not consider, 3=would not consider nor consider, 4=would possibly consider, 5=would definitely consider)

A. Brokerage   1 2 3 4 5
B. Investment consulting services   1 2 3 4 5
C. Online securities commission business   1 2 3 4 5
D. Establishment of investment funds   1 2 3 4 5

Finally, Industrial securities would very much appreciate any comments or suggestions regarding asset management or other services that we provide

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Thank you for your time!