

(a) Prepare briefing notes for the finance director which:

(i) Assess the value to Optima of undertaking customer segmentation analysis; and

(ii) Advise on the most appropriate ways that Optima could segment its customers in order to target them more effectively.

Task 1

Briefing notes

To: Finance Director

Subject: Values of Customer Segmentation analysis

(i) Value of customer segmentation analysis

Tailor to specific needs

By having customer segmentation analysis, Optima will be able to understand the type of activities that are most popular for each customer segment. Optima will be able to use this understanding to provide activities that are relevant to the specific customer segment thus generating extra revenue.

Customer relationship

Through the analysis, Optima is able to provide better service for its members. They would be able to offer different channel of communication with their member such as using apps, chat and etc. This will allow Optima to be closer to its customer and hence helps to retain them.

Identify new Opportunities

Through the analysis, Optima could understand the current trend and behaviour of its customer, such as most of consumer in Ceeland prioritise the support of org that involve in CSR. Thus, Optima could carry out CSR activity in a way demanded by Ceeland consumer to get support from them.

Avoid wastage

With the analysis, Optima can allocate the facilities properly to avoid the wastage of the facilities. This is because Optima able to know which facilities & classes are most interested by customers and it can provide more classes and facilities on the most popular activity.

Strategy formulation

Optima is able to identify the customer segment that they wish to target, thus they are able to formulate an effective strategy as Optima adopts a differentiation strategy thus they need a strategy that is effective for selected customer segment.

Serving customer needs

By undertaking the segmentation, it allows Optima an understanding of the customer's fitness activities. Thus, Optima is able to ensure the facilities provided are relevant to the customer and this will lead to higher satisfaction and less cancellation.

Marketing

Through customer segmentation, Optima is able to set the right marketing strategy to attract the customer segment that is intended. The marketing message is tailored to the segment that Optima believe has the highest potential for growth.

(ii) Appropriate ways to segment

There are several ways Optima can segment its customer in order to target them more effectively. This can be done as follows:

Age group

Optima can consider segmenting its customer based on age group. This can be broken down into children, working adults and senior. This will allow Optima to then identify the usage of its facility by the different age group. This would then allow Optima to identify whether there is any age group which is currently under-served due to Optima's current facility.

Pricing for membership can be enhanced once we segment our customer into age group because we can then understand our facility provided is how relevant to the customer. Optima can price their membership differently for each age segment to enable it to be attractive to different segment.

Income Segment

Optima is currently focus on mid to high quality provider, thus it is important that Optima is able to differentiate its service offering from its competitor. Therefore, Optima needs to ensure that they provide services that reflects their status such as proper maintenance of its facilities or even providing personal trainer.

Optima can consider providing cheaper membership option with limited facilities to low income customer. This will allow them to broaden its customer base thus allowing the co to target a broader customer.

CSR

Recent study shows 87% of the people in Ceeland support org that do CSR activity. Thus, classifying the customer segment into those that are appreciative of CSR and those that are not allows Optima to organise event that relate to CSR to attract this group of customer. This activity would also enhance reputation and attract customer.

Currently Optima retention rate is roughly 50%, thus through this customer segmentation it will allow Optima to improve on its customer retention rate because we can see that Leenz Fitness who won ethical award having a high customer retention rate.

Geographical segmentation

Optima has 55 clubs throughout Ceeland thus geographical segmentation will help us to understand the spread of our customer geographically. This will identify which region has the most customer which probably will generate the highest revenue and profit thus we should focus on the region.

Preferences for online class and physical class

It is identified that we need to make better use of technology which can deliver and market our products and services more effectively. Hence, it will be great for the company to do customer segmentation based on customer preferences to know how many of the members and future members are interested in online classes or physical classes to know whether it will be worthwhile to invest in app to deliver online classes.

Task 2

REPORT

To: Finance Director

From: Senior Business Analyst

Date: Sept 2021

Subject: Opportunities and threats of Collaborative Partnership and Value for Money

This report is split into two parts, first focusing on the opportunities and threats of the collaborative partnership with the government and the second part of the report focuses on value for money.

(a)

The opportunities and threats of the collaboration can be summarised as follows:

Opportunities

Build relationship

Successful delivery in this program provides Optima with a chance to build a relationship with the government. This might give Optima a chance to be a trusted partner of the government in the future on the project that promotes the well-being of society.

The programme is a 6-month trial, thus if the collaboration is a success, there is a very high chance the government will continue the program and Optima surely has a better chance of getting a future contract. This will open up a new income stream for Optima who currently earn their revenue from private paying customers.

New customer base

The pupils that join Optima's programme in school might be attracted to join Optima's other fitness lessons in its club. Further enhance the customer base of Optima.

With this program more people will know about Optima, this will allow them to enhance their reputation. With greater awareness, there is more opportunity for Optima to attract new members.

Enhance reputation

Successful collaboration with the government will further increase the good publicity of Optima. This will enhance the reputation of Optima, which leads to more people trusting in Optima's service and supporting Optima by joining as a customer/member and enabling Optima to grow its business.

Increase experience of staffs, where they have chances to teach more people/ larger groups. The teaching quality of trainers will improve.

Threats

Affect Reputation

As there are many uncertainties with regards to the project and Optima does not have experience in this programme, thus there is a risk the programme may fail, it will affect the reputation of Optima and it might lead to losing customers in the future.

Although Optima has 55 centres across Ceeoland, Optima is a high-quality fitness & leisure provider that charges customers at a premium, thus accepting the contract involved providing services to the school children. Thus, self-paying customers may feel that they are paying so much for services that others are getting for free.

The programme involves 20,000 children in 100 schools, which means about 200 children per school. Optima will have to send out many fitness instructors to deliver & train teachers at each school. However, Optima currently has 150 fitness instructors that are not qualified & trained according to the policy, thus Optima may have a shortage of staff in delivering the programme.

Lack of safety measure for exercise programme to deliver at schools

There is a possibility where accidents and injuries might happen during the exercise programme, as there might be insufficient safety measures implemented within the school. Surely this will negatively impact the reputation of Optima.

The compensation will be borne by Optima and could be significant & will have an impact on their existing financial performance.

Lack of qualified instructor

Current Internal Audit shows that many fitness instructors of Optima have a lack of skills and qualifications. Lack of skilled/qualified fitness instructors might affect the quality of fitness training programs for the pupils. If this were disclosed to the public, it might lead to damage to the reputation of Optima.

The instructor will still need to fulfill their role to provide service in the center and at the same time provide services in the school to train students and teachers. This might lead to work overload of the staff which may result in low efficiency in providing quality services to its current members in the club.

(b)

Value for money (VFM) refers to economy, efficiency & effectiveness. In the case of the Department of Health (DOH), economy looks at the cost of providing its service. Thus, DOH will have to ensure that the amount spent is within its budget. Meanwhile, efficiency looks at utilising its resources to provide the service. To be efficient DOH needs to ensure that they are able to provide its services to as many people as possible. Effectiveness means the ability to meet its objective. In the case of DOH, it is all about providing services to the people.

Economy

It will be a challenge for Optima as Optima is pursuing a differentiation strategy where their trainers are paid a higher price and thus conflict with the constraints set by DOH.

Optima needs to hire trainers to cater large groups of students. The costs will be high as they need to hire in a short period of time. Thus, it will be difficult for Optima given that DOH will not be willing to spend excessively.

It will be a challenge for Optima as the areas focus in located across the country and trainers will need to travel will increase the cost if the area is far away from the workplace.

Optima will have difficulty to deliver the same level of quality that they offered to their existing member for those participant under the programme. This is bcas the govt will be cost conscious.

Efficient

Optima is focus on differentiation where services and facilities to its customer is most important as Optima focus on customer satisfaction. However, DOH wanted its service to be available to as much student as possible, thus Optima may not be able to deliver it as they are not used to it.

Effective

As we are dealing with weight loss achievement which sometime may take time to be quantify, continuousreview should be perform for a certain period to ensure ongoing weight loss achievement being recorded.

Optima do not have sufficient qualified fitness instructor to meets the requirement of DOH, thus to meet the objective of the program may be difficult to achieve.

It will be a challenge for Optima as the success of the B-Fit programme not soley depends on the trainer there is a need for teachers and students to be cooperative in order for the programme to be effective.

Optima will need to hire many new trainers for this program but have no more resources avaiable to provide extra training to trainers. New trainers will not be effective to meet the objective of the program.

Prepare briefing notes for the finance director which:

(a) Discuss the opportunities and threats to Optima of implementing big data analytics to assist in improving engagement with its members.

(12 marks)

(b) Discuss the benefits for both Optima and its members of using mobile technology to market and deliver its services.

(8 marks)

Task 3

Briefing Note

To: Finance Director

Subject: Opportunities & Threats of Big Data Analytics and Benefits of Using Mobile Tech

(a)

Opportunities

Big data analytics can help to gather, organise & analyse info obtained from 250,000 members such as age, which allow Optima to understand members' need & continuously make improvement. This could improve Optima's members retention.

Besides members behavior & trend, big data analytics ensure that Optima do not neglect the interest & needs of the minority members. This ensures that all members are satisfied & will renew membership with Optima.

Although exit interview is a useful source of information to understand member behaviour, members have cancelled their membership by that time. Optima should understand their behaviour before the cancellation for member retention in order to increase retention rates. Big data analytics help to analyse existing members behaviour, thus Optima could offer more relevant fitness classes & leisure activities for a member. This could continuously attract the interest & motivate members to not cancelling their membership.

Gather and analyse the customer behaviour and trend, Optima can organise internal contest for the in house member to increase the motivation and retained the existing customer.

Data analytic allow Optima to identify members who subscribe the service but rarely used them, the system will red flag those members for Optima to take proactive action to ensure that they provide better members engagement and not merely waiting till renewal of membership.

Threats

There is a threat of data breach if Optima does not manage members' data diligently through big data analytics. This may cause Optima to lose its members if there is data breach.

Costly for Optima to implement the big data analytics as there is a need to collect the data, process and analyse. Currently Optima only has a basic website thus they need invest in hardware, software and maintaining the system.

Staff currently are not skilled in big data analytics, engaging new staff will increase cost, traning existing staff will take time, thus a lot of resources will be consumed if Optima decided to implement big data analytics.

Big data analytics is only useful if the manager in Optima value and knows how it is being used. Since Optima has not been using it before, there is a risk that this will not be a success as the manager may not appreciate the information.

(b)

Benefits to Optima

Optima will be able to obtain info from members easier through online feedback form. This provide convenience for members to provide feedback & allow Optima to continuously make improvements in its services & facilities to meet members' expectation. This can improve members retention of Optima.

An app would also provide an opportunity to have a two-way interaction with members, beyond the times when they are physically in the club. This will increase the motivation of members

Optima currently has a limited social media presence, it relies on word of mouth, TV, radio and poster advertisements throughout Ceeland to market its services. Using mobile technology allow Optima to promote its services directly to potential & existing customers.

Optima will be able to introduce its co & services more effectively such as what r the facility available, time table & pricing for the classes, services & membership. This will provide more info for its members & potential member that r interested in Optima more effectively.

Mobile technology will attract new groups of members, where they are tech-savvy. This will increase the sales. An app will help to save up the time for staff doing the data collection like send the feedback form physically. By this, they can hv more time to interact with member in the gym

Benefits to member

Better communication

Mobile app would also provide an opportunity to have a two-way interaction with members, beyond the times when they are physically in the club. By having two way communication, this will create a sense of belonging and understanding among the members and keep them motivated to attend classes with the clubs.

Convenience

The use of mobile app will be more convenient to the members as people are becoming much more reliant on mobile applications nowadays. This can send notification to remind them their classes and increase their interest to come to the classes. It can also enable them to choose and book the classes during their free time.

Updated information

Members will be up to date with new programme by Optima. Mobile tech can easily send a push notifications to notify on any new activities/ plan introduce

Fitness tracking

Members of Optima would easily track their fitness class and book a class through the mobile application, which helps Optima to improve customer engagement and the members able to look back at their previous exercise.

REPORT

To: Finance Director

From: Senior Business Analyst

Date: Sept 2021

Subject: Evaluating the impact of Control Weaknesses & Recommended Actions

This report evaluates the impact of all the identified control weaknesses and then follow up with the respective recommended actions to address the weaknesses.

Monthly Performance Report

There should have a summary report prepared and signed off by the club managers to be reported to the higher management of the clubs, this ensure that all the managers are reviewing the monthly performance reports and thus could help in response to the risk faster.

Manager are not reviewing the club performance regularly may cause complacent attitude of the manager. The manager would not seek for improvement since they don't know the club performance. This will potentially cause the service quality down of the club and loss of customer.

Not reviewing performance reports may resulted club managers to not understand their performance & effectively identify any areas of improvement. Thus, managers will not make improvement continuously to meet customers needs, thus affecting the members retention.

Recommended actions:

Possible actions to be taken include managers have to prepare a report for the improvements part, the reports must be submitted to head office, head office must follow up for the actions.

Optima should have a clear policy regarding reviewing of performance report. This will ensure all club managers are aware & will review the performance report

Instead of sending out the monthly report. The head office can host a monthly meeting and ensure all club managers are well-aware of the performance report.

Lack of training, induction & unqualified trainers

Fitness instructor without proper trainings & qualification could not provide high quality service as indicated by Optima. This will reduce members satisfactions & causing loss of members. Besides this, the weakness will also has an impact on Optima image and reputation as they marketed their service based on quality.

Training provided by unqualified or lack of training fitness instructor may result in them giving unclear advice or wrong demonstration may cause injuries to club members

The HR department should have checked all the qualification and verify it before hiring. Also, they must make sure all the fitness instructor has gone through proper induction and training before they start work.

Recommended actions:

HR department should ensure the hiring process follow the company policy such as assess the qualification of the instructors to ensure they have the appropriate qualification before employed.

Optima should come out with a policy whereby all new instructor has to undergo training & induction program for instructors.

Unauthorised Access

Faulty security system will result unauthorised access & the public without membership to enter Optima facility. As a result of this, Optima suffer loss of revenue.

This will raise security risk, where unauthorised person are allowed to enter. This will affect the reputation of Optima claimed as high quality service provider.

Recommended Actions:

Optima should carry out an internal audit to review the club's security & access from time to time to ensure there is no faulty system & facilities and proper actions are taken by the mgrs.

Optima need to provide a unique ID for all the member to assess passes their system, so that can ensure there will be no unauthorised assess risk happen and faulty system again.

Tender process not followed

Without having a proper tender process, Optima may be paying higher price to carrying out refurbishment works. This will affect Optima's overall profits.

Unauthorised refurbishment may cause fraud to occur. If Optima does not halt this action immediately, other club managers will follow, thus optima resources & money will be embezzled. This will cause Optima to suffer loss.

Unauthorized refurbishment may cause the work done does not comply with the safety rules & regulations required by Optima & Ceeland. Thus, when any accidents occurred, Optima reputations will be tarnished & may faced large amount of penalties.

Recommended actions:

One possible action is to consider having the co reviewing the contract compared to mkt price. Any price differences should be considered whereby Optima requiring the mgr to negotiate further to have it lowered.

Optima must enforce a proper tender process. The head office must approve and sign the tender process documentation before carrying out any refurbishment work in the clubs.

Limit must in place which manager are able to make decision on their own. Therefore, any spending more than the limit must seek for approval from head office.