

## **Do You Know Your Customers?**

Very often, companies go through various planning stages from market and competitive analysis, consumer demand projections and other processes before launching a new product or enhancing existing product features.

Notwithstanding these processes, some implementations failed and a few led to disastrous results. Take for instance 40,000 Singapore students who took the GCE O Level exam last year expressed frustrations, anger and worries when trying to apply for post-secondary education in early Mar 05. Unlike previous years where manual option was available, the Ministry of Education (MOE) decided that online application is the way to go this year.

MOE reckoned that its online application with e-payment options such as credit card, debit card and internet banking should mean increased productivity for MOE and greater convenience for students.

While the intention is good, what happened provided a lesson for all. Firstly, many students either could not remember their SingPass password or had misplaced them after these were issued in 2003. With only 5 days to complete the application, the sudden urge in demand put a toll on the SingPass system. Many students at SingPass designated centres queued up for more than 2 hours before they could reset their SingPass.

With the SingPass, students have next to log into the Joint Admission Exercise (JAE) System but encountered slowness as many others were also trying to login at the same time. Some students tried for hours before they could complete their application while others were not so lucky.

Following complaints from parents and students, MOE increased its system capacity; extend the application closing date and re-introduces cash payment options. At the close of the application, the Education Minister apologised for underestimating the demand and promised that MOE will do better the next time.

Next case in point is ST Interactive, the online version of the mainstream English newspaper, the Strait Times which has been a free service for 10 years. In Oct 04, ST Interactive was revamped and the site required users to register to access.

After garnering 280,000 registered users, it decided in late Feb 05 that it was time to charge for this popular online newspaper from 15 Mar 05. Since readers will now be paying, more contents including the highly prized weekly magazines will be made available online with all contents accessible from 6 am daily. The editorial team must have assessed that at only S\$12 (US\$7.40) per month, the offer will go down well with its readers. After all, S\$0.40 per day is only half the price of a cup of coffee at the local hawker stall.

Within a week, registered users protested especially Singaporeans who are working or studying overseas. Taking a more conciliatory approach, the team extends the free preview period till 20 Mar 05 and reduced the fee by 50% for online readers who also subscribed to its print edition.

The third case study hails from across the causeway. MayBank, the Malaysian market leader in Internet Banking announced that it will levy an annual fee of RM12 (US\$3.13) for its internet banking service, Maybank2U from 20 Dec 2004. This sparked off a major response from its customers from the setting up of petition websites which collected thousands of signatures and complaints to several government agencies.

For MayBank, Maybank2U offers the most comprehensive range of services and is well used by its large customer base. For the convenience and value that Maybank2U brings to its customers, MayBank assessed that the nominal fee of RM1 per month would be a reasonable one. However, the banking population has over the past 2 years had various forms of banking charges imposed on them by several Malaysian banks and MayBank's announcement seems to be the straw that broke the camel's back. As a result, MayBank relented and continue to offer Maybank2U free.

There are many other such examples where important lessons can be learned. When market leaders decide on a course of action, they must always remember that their decision may invoke a major reaction from their large customer base. It is a common mistake to predict the threshold of pain for customers, largely because customers are resistant to change and they have alternatives to turn to. With their competitors waiting for an opportunity to turn the adverse event to their advantage, it pays for organisations to make efforts to better understand their customers and where practical, involve some customers during the design and change process.

*Sherman Tan, Principal Consultant  
Innovar Pte Ltd @ [www.innovar.com.sg](http://www.innovar.com.sg)*