

De Lai Scooter Shop

Touching your heart...

After all, the customers who are willing to pay are good customers. De Lai's Manager

Introduction

Riding up to the front of the De Lai scooter store for an oil change Rose, a student, wondered if the store was going to live up to the promise of “touching her heart”. The store front was certainly impressive with clear signage, chairs for customers and scooters all having work done in a professional looking way. As she got off her scooter a mechanic immediately came up to her. With a smile and friendly greeting he asked what she was wrong with her scooter. Explaining she needed her routine 1000km oil change the mechanic turned to get a menu with oil prices and information and an order sheet. As she scanned down the oil prices Rose thought, “It looks more expensive here I wonder what makes it special?”

De-Lai company background

The firm's chairman and founder is Fen Yuan Zhang. Born a farmer's son he had watched his younger brother go through scooter repair apprenticeship and decided to follow him since it offered a direction in life. He opened the De Lai store (Exhibit 1) on Zhong Shan road, in Chang Hua city, in 1983. By 1998 he had become the main distributor of YAMAHA in Chang Hua. In order to keep growing and increase profitability in April 2008 he opened a second scooter shop further up the same road (Exhibit 2) called Lian-Tong. Now in his sixties Mr. Zhang has handed the day to day running of the business to his son, Dong-Yuan Zhang, who is the store manager.

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He is pleased that all his staff took up the financial incentives he offered to get their Yamaha maintenance training certificates that are displayed along with his on the wall. While, as the boss, he likes to make clear how the shop should run he holds a meeting every Mondays morning and if staff have problems or questions they can raise it then. A few year ago he established five service objectives to be: reliable, quick, convenient, hospitable and to offer a reasonable price as suggested by Yamaha. To offer consistent approach Mr. Zhang asks his mechanics to follow the 11 steps Yamaha provided (Exhibit 3).

Dong-Yuan Zhang's wife also works in the store and is responsible for receiving customers as well as managing the store's finances. Last months income of NT\$800,000, from the 270-300 customers who came for maintenance and repair, had been stable for the last few months. Zhang Jr.'s younger sister is involved and keeps the website up to date.¹ This gives basic information (e.g., store opening hours, their location and whose-who in the service team) as well as sales information for new scooters and repair/maintenance diagnosis table to help customers keep track of required oil and component changes. Including the manager and his wife (Li Fen Lin) 11 people work in the service team (Exhibit 4). The team is well established and all members have many years of service.

YAMAHA and Taiwan

YAHAMA opened its vehicle manufacturing division on July 1st, 1955 and after their success with motorbikes they developed a range of scooters². Nearly 40% of the product ships to the Far East and two wheel products are the predominance (60%) of sales in this region³. Their products emphasize the concepts "*Kando*" the Japanese

¹This is their main webpage: <http://delai.yamaha-ysp.com.tw/Template/Sample9/CompanyMain.aspx>

² <http://www.yamaha-motor.co.jp/global/about/history/index.html>

³ <http://www.yamaha-motor.co.jp/global/about/overview/index.html>

word that means the simultaneous feeling of deep satisfaction and intense excitement that people experience when they come into contact with something of exceptional value.

In 1987 YAMAHA started production in Taiwan and currently have two plants in the north of the country (Tao-Yuan and Hsin-Chu). By the 2000s they offered a broad range of scooters from the smaller 50cc (“Vino” and “Fancy”) through the 100cc (“RS”, “CUXI” and “Sweet”), 125cc (“BW’s”, “CygnusX” and “GTR”...) to the awe inspiring 500cc (“TMAX”)⁴.

The Relationship between YAMAHA and Franchisees

For sales purposes YAMAHA divided Taiwan into four districts (North, East, South and Central). Within each district is an organization called Fan-She (a Japanese term) or Exclusive Distributor that is run by a chairman. Fen Yuan Zhang was elected as the chairman of Central Taiwan district in 1998. Consequently he co-ordinates sales for Taiwan’s third largest city (Taichung) as well as the smaller but still significant cities of Changhua (which, for example, has 20 stores) and Nantou⁵. Mr. Zhang was pleased with current sales of a 100 scooters per month (include reselling scooters to other franchisees in Chung-Hua).

In each of the districts the franchise are separated into three levels, going from basic to advanced, of: reseller, proprietary store and distributor. YAMAHA Taiwan provides across the board support to all franchisees in the form of films and headquarter based lectures as training⁶. They also help their distributors to build their own website.

⁴ <http://www.yamaha-motor.com.tw/Download/DM.htm>

⁵ Taiwan Government department of budget, accounting and statistics
ROCh<http://www.dgbas.gov.tw/ct.asp?xItem=15408&CtNode=4594>

⁶ There are four levels of scooter training. The bottom level relates to basic scooter understanding and the top level focuses on service, technical skills and management.

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Threshold levels of sales and standards are set for each of the levels that retailers have to cross to move up a level. In order to become a regional distributor and YSP shop they have to make an annual payment of NT\$100,000 and demonstrate that they have land and NT\$ 10 million capital⁷. Once a retailer reaches the status of a distributor then they can own Yamaha stock (set by revenue levels) and receive corresponding annual financial bonuses.

Store organization and management

Rose was drawn to the clean and bright environment which let her see that the store was divided into the main areas of repair/maintenance, display of new scooters, and scooter emissions tests. On the left hand wall were the mechanics certifications and awards and arranged in neat files on the opposite side were service and customer information. A computer was prominently on display at the front of the store (Exhibit 5) that had been used to note customer data in a CRM type system since 1998 under Yamaha's direction. Whenever customers had work done the mechanic would enter the owner's scooter license plate number (which identified the customer's name) and then record when the customer came, what they came for, what work was done and at what cost.

De Lai store

The store is located on the Zhong-Shan road which is one of the main arteries connecting the city North-South out to the freeway. With high traffic flow it is convenient for scooter owners to stop as they pass on their daily travel to do routine maintenance and other repairs. The store is one of the two YSP (Yamaha Super Plaza) in Changhua. YSP stores, founded in 1999 focus on product quality, management

⁷ In 09/2008 the exchange rate was 1US\$ to 32.14 NT\$. So the cash down payment represents c. US\$3,100 and the mortgage value c. US\$ 311,310.

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competence, service quality and satisfaction. Customer's immediately notice them because they are cleaner and brighter than others.⁸ Along the same stretch of the Zhong Shan road other major scooter manufactures (SYM⁹ and Kymco¹⁰) have also branded stores. Within a 120 length of road there are 4 scooter stores which makes competition quite intense (Exhibit 6).

From Mondays through to Fridays they open the store between 8:30 to 21:00. At the weekends the hours vary from 8:30 to 20:00 for Saturdays and 9:00 to 18:00 for Sundays. Mr. Zhang commented this hours, "...are not too early and not too late. You can have breakfast and then start work. 9am to 12 am is busy but we are free between one and three o'clock. The real peak is after five." Whilst they focus on Yamaha customer can get scooters of any brand serviced and repaired in store. Whilst Rose was waiting she was drawn to look at the new scooters that were strategically arranged around part of the inside of the store (Exhibit 5). Noting her interest Li Fen Lin starts to chat to her and explains the RS 100 model she is looking at is NT\$56,000 and she can offer a competitive financing plan. Rose finds her friendly, easy going and someone who seems to anticipate her needs well. After introducing some of the latest new Yamaha models she tells Rose that that they also sell second hand scooters in the Lian Tong store. Rose, thinking that she could make her scooter more exciting rather than change it, switches her interest to the displays of flashing and pulsing lights, hand grips and other eye catching accessories in the display cases above the scooters. Li Fen Lin points out a blue set, "These are really

⁸ At the time of writing there are 69 of this type of store in Taiwan.

⁹ SYM (Sang Yang Motor Corporation) (See For Chinese: <http://www.sym.com.tw/chi/symclub/download/index.php> and for their international site: <http://www.sym.com.tw/eng/>)

¹⁰ See KYMCO at <http://www.kymco.com.tw/>

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popular and only NT\$250 fitted”. Rose’s eyes tracked around to the helmets and Li Fen Lin tells her that the price start at NT\$150. Li Fen Lin moves the snacks from a conveniently located meeting table and invites Rose to put her bag there. She looks over the helmets and chooses a cheerful pink one, since her current helmet was falling apart and she did not want to risk going without since the police fine would be NT\$500. Near the helmet display was a sign that advertised De Lai’s tow-back service¹¹. By calling the number De Lai would come and pick up a broken down scooter, take it back to the store and work on the repair. Whilst reading this Rose over heard the Manager’s sister calling a customer: “It is De Lai, you bought a scooter from us three days ago and I wanted to check if everything is ok?”

Rose watched as another couple of customers came into the store. The first needed an emission test on his scooter. He watched anxiously as the probe was connected to his machine. Whilst the mechanic assured him it should not be a big problem but it took him quite some time to make adjustments to the carburetion and the running of the scooter to satisfy the test requirements. After taking an official photograph of the number plate, using the integrated digital camera on the emissions-test rig, the mechanic checked the ownership document and entered the details to the on-line computer system. The other customer went to the back of the store and was greeted by Li Fen Lin who invited him to sit at the conveniently positioned meeting table. He quickly looked through his back to find his identity document which Li Fen Lin then used to prepare the application of scooter insurance. The customer paid up the NT\$1,432 and left with his insurance papers in order for another two years.

The Liang-Tong Store

¹¹ For customers with a De Lai membership card this service is free.

De Lai Scooter Store

While Rose was getting her oil changed her boyfriend, Fred, was three doors away on the Zhong Shan road in De Lai's second store, Liang Tong (Exhibit 7). As a keen motorcycle racer he had been drawn to the store front window where he had spotted a powerful Yamaha bike. Mr. Zhang had recognized there was a group of customers, like Fred, interested in motorcycles and other scooter brands like SUZUKI¹² and PGO¹³ so this store served this group. As Fred walked in to the soft yellow light of the store his pulse quickened with the display of high capacity motorcycles. Finally turning away he saw a range of accessories, including jackets, helmets, gloves, shoes, all pleasantly displayed. This looks more like a showroom than a bike store, he thought. There was a man reading a bike magazine he had chosen from a rack that included newspapers and other bike information. The greeting from the man at the table was warm as he had spotted the black of oil on Fred's fingers and figured that he did not just look at bikes. Fred joined him at the table and they discussed bikes. He was interested to hear that they had a bike racing team, although he was disappointed that it was only for high capacity bikes. The other customer invited Fred along to watch a motorcycle race, "A group of friends usually gather here to watch", he said, indicating the large LCD TV on the wall above the display counter that held various accessories.

The customer experience

The mechanic had noticed that Rose's scooter needed its emission test. He apologized that she would have to wait a few minutes longer than normal because one scooter was being tested. Li Fen Lin offered her a seat at the front of the store and a cup of tea whilst she waited. It was a perfect place to observe other customers come

¹² For their Taiwan based website see <http://www.suzukimotor.com.tw/>

¹³ PGO is a Taiwan based scooter company, that for some time had a collaboration with Piaggio of Italy (<http://www.pgo.com.tw/index.shtml>)

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and go. As another customer rode up she was greeted with a warm smile, a “Welcome” and enquiry about what needed doing. The mechanic, armed with a simple clip board and form, noted down what work needed doing. He then lead the customer around to a seat near Rose and invites her to wait while he checked the parts availability and price. After a couple of minutes he was back to confirm that price and waiting time were fine for the customer, before starting work. Another customer had a problem that was going to take a while to fix so the mechanic offers them a substitute scooter until they fix the machine. The woman, sitting next to Rose, sees the mechanic wiping clean his scooter and stands up. The mechanic comes over with the charge sheet, confirms the price and reminds the customer about the schedule for the next maintenance work.

Tucked to one side was a mangled scooter wreck. A young man hobbles in with a broken leg. He looks sorrowfully at the remains while a mechanic helps him take pictures and discussed how best to dispose of what is left from the week-old accident. This store is busy, thought Rose, as another customer appeared for an oil change. Another of the team of mechanics moved forward confidently since he was very familiar with the service steps the manger has taught them (Exhibit 8). After the introductions the mechanic had established the need for an oil change. The customer looked at menu of engine oils she had been give that showed prices ranging from NT\$180 to over NT\$1,000 along with pictures, brands (including Yamaha own brands in the NT\$190 – 1,250 range), descriptions and volume of each. The gear oil was cheaper and in the NT\$60 - 80 range. The cheapest oil was for KYMCO scooters and the staff told the customer is would not be suitable for her YAMAHA since the volume was too small (a required 1,000c.c. versus 800 to 900c.c. for others) So she turned her attention to the other oils and the staff patiently explained the difference

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between each.

Rose sees the mechanic roll her scooter out of the emissions test bay. He checks the back and back brakes and makes adjustments. Satisfied with these he checks the indicators, main lights and horn. Noticing the stop light does not work he opens the cover, removes the bulb, cleans it and replaces it. The light comes on with the brakes test and the scooter is ready for Rose. Despite having taken some time to get the scooter to pass the emissions test Rose is delighted to be told it is free. Moreover the staff gave her a NT\$50 coupon as a thank-you for doing the check at De Lai (Exhibit 9). As Rose tucked it in her purse she made a mental note to come back to De Lai for her next oil change.

As the mechanic shows Rose the bill (Exhibit 10) she quickly scans through to see her choice of oil, the non chargeable service checks items, the staff's signature and the charge. She also sees there is a space to for customer to give their level of satisfaction. She thinks it is pity the staff did not ask her to fill it in since she would have given them a good score. He verbally adds on the costs of the helmet to give a total. After she had paid the staff helped her wheel the scooter out of the store, waited until she mounted and thanked her for coming. He invited her to come back and then with a cheerful wave he saw her off into the busy traffic.

Conclusion

As the manger saw Rose drive off he thought, "She looks happy, I think she'll be back. I know our price is not cheap but it is reasonable." Much of this reflected what a student group had recently found in customer interviews (Exhibit 11). He saw his son coming towards him, "We need to keeping working on communication with our customers. I know the complaints we get are because we don't always understand and communicate with our customers. I know we have some picky customers who

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like to complain all the time, but they still come to our shop the next time. After all, the customers who are willing to pay are good customers.”

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Exhibit 2 De Lai Store front



Exhibit 1 Lian Tong Store



Exhibit 3 Yamaha's 11 service delivery steps



1. Smile and say “Welcome” kindly. Lead customers to the round table to have a seat.
2. Determine what the customers want and make a specific record of service items.
3. Tell customers the problems, price and waiting time before doing maintenance work.
4. Offer customer our substitute scooter if necessary.
5. Use maintenance cap and the accurate tools and methods. Fix all broken parts at one time.
6. Check the augmented service items and tell customers
7. Clean the scooter after the maintenance work, account for the charge and remind them of the next maintenance work.
8. Lead the customers who buy new scooters to the discussion area and introduce products with professional skills.
9. Account for the contents on ordering contract, which are specific and accurate. Keep the promise 100%.
10. Follow the accounts in the brochure and check the scooter before selling out the scooter. Getting in touch with 100% of customers within 3 days of making a sale.
11. Say “Thanks” when customers depart and lead them out.

Exhibit 4 De Lai's service team (excluding the Li Fen Lin)



Exhibit 5 Inside of De Lai's store (back to street)



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Exhibit 6 The Zhong Shan Road



Exhibit 7 Back to the road view into Lian Tong store



Exhibit 8 Service steps for oil change



Exhibit 9 Discount coupon



Exhibit 10 De Lai's customer bill

德來機車行有限公司
保養服務單

0065676

電話(04)7227555.7241555 彰化市中山路二段555號 日期： 年 月 日

機 型：_____	車主姓名：_____
大牌號碼：XB7-726	車主電話：_____
里 程 數：6987	住 址：_____
電子郵件：_____	行動電話：_____

免費保養項目

檢查完畢請打「✓」

(1) 剎車檢查、調整 (2) 胎壓·輪胎 (3) 是 否 排放廢氣測試 (4) 把手擦拭
 (5) 各作動部份潤滑 (6) 電路系統檢查 (7) 後視鏡清潔 (8) 避震品檢

一般保養項目

(1) 機油更換 200 元 (2) 齒輪油更換 _____ 元
 (3) 空氣濾清器更換 _____ 元 (4) 機油濾芯更換 _____ 元
 (5) 皮帶室濾網更換 _____ 元

其它修理(更換)保養項目

品名：_____	價格：_____ 元	品名：_____	價格：_____ 元
品名：_____	價格：_____ 元	品名：_____	價格：_____ 元
品名：_____	價格：_____ 元	品名：_____	價格：_____ 元
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品名：_____	價格：_____ 元	品名：_____	價格：_____ 元
品名：_____	價格：_____ 元	品名：_____	價格：_____ 元
品名：_____	價格：_____ 元	品名：_____	價格：_____ 元

維修人員滿意度

滿意 普通 尚可

建議：_____

服務人員簽章：_____ 總價：120- 元

Exhibit 11 Customer reactions to De Lai's service

A student group gathered some feedback from customers. These were key points raised:

- *Staff always check all parts of scooter carefully. They make me feel they are good at technical maintenance*
- *Whilst it is not absolutely necessary to put the covers on the grips and seat it makes me feel that the staff are taking good care of my scooter*
- *They don't lie my scooter on the ground for maintenance work and so it is always clean*
- *I've come to DeLai many times. I've bought four scooters from them since they opened.*
- *They made a mistake once on maintenance but the manager discussed with me and gave me compensation*
- *The store is bright and looks clean*
- *Last time they washed my scooter for free after finishing the work*
- *DeLai is the 1st Yamaha store in Changhua. When there are some problems of my scooter, service people may handle them. The attitude of service people is good and price is transparent and reasonable.*
- *DeLai store is close to my living space and service people's attitude is nice. They say "Welcome" loudly when I come and help move my scooter in the right direction when I leave. They give me a maintenance list and show me how much money I spend. The service people are professional and reliable.*
- *The service people are kind (good attitude) and their techniques are professional. The service people check up my scooter (e.g. tire) in detail and fix the problems. I don't have to come to DeLai for the same problem again and again. DeLai is a big Yamaha store and their service is good.*
- *Delai store is close to my home.*
- *The service people in DeLai are kinder than others.*
- *There are less service people in other scooter stores and their service people did not check up my scooter in detail. They recommend cheap goods instead*

of Yamaha goods.