



CII Institute of Logistics

PGDSCM & Certificate Programs
Semester-end Examination – December 2008

CUSTOMER RELATIONSHIP MANAGEMENT

Time : Three Hours

Marks : 100

Part A

Answer all questions (20 x 1 = 20 Marks)

1. Using loyalty programs to retain customers is a part of
 - a. Affinity Marketing Strategy
 - b. Continuity Marketing Strategy
 - c. Co-Marketing Strategy
 - d. One-to-one Marketing Strategy
2. Strategic Partnering and Co-designing are retention strategies suitable for
 - a. B2B Markets
 - b. Mass Markets
 - c. Niche Markets
 - d. Distributors
3. This type of CRM involves integration of business processes, which also encompasses the customer touch-points.
 - a. Analytical CRM
 - b. Operational CRM
 - c. Relationship Marketing
 - d. Collaborative CRM
4. An ideal CRM process framework begins from _____
 - a. Program development
 - b. Partner identification
 - c. Purpose statement
 - d. Evaluation & Measurement
5. Customerisation is a retention strategy commonly used by
 - a. Mass Marketers
 - b. Niche Marketers
 - c. Direct Marketers
 - d. On-line Marketers
6. Facilitating e-mail and other medium for optimizing CRM process is a part of
 - a. Analytical CRM
 - b. Operational CRM
 - c. Collaborative CRM
 - d. Cross-functional CRM
7. Decisions regarding role specification, planning process, employee motivation etc are done in
 - a. Management & Governance Stage
 - b. Process Formation Stage
 - c. Performance Measurement Stage
 - d. Project Evaluation Stage
8. Two brands merge to create a new brand to enjoy mutual benefits. This concept is
 - a. Affinity Partnering
 - b. Co-branding
 - c. Cross-selling
 - d. Co-operative Marketing
9. The concept of _____ deals with targeting the same segment of population to promote the other products of the same company.
 - a. Up-selling
 - b. Cross-selling
 - c. Mass Marketing
 - d. Direct Marketing
10. Understanding the length, depth and width of relationship is essentially a strategy for building
 - a. Strategic Relationship
 - b. Affiliate Partnership
 - c. Tactical Relationship
 - d. Strategic Partnership.
11. This data mining operation focuses on discovering the most significant changes in the data from previously measured, expected or normative values.
 - a. Link Analysis
 - b. Segmentation
 - c. Deviation Detection
 - d. Classification
12. The re-purchase decision of the customer is motivated by
 - a. Reach Strategies
 - b. Acquisition Strategies
 - c. Conversion Strategies
 - d. Retention Strategies
13. Classification of data into finite set of classes by considering one variable at a time and dividing the entire data based on it is done using

- a. Decision Trees
- b. CBR Technique
- c. Link Analysis
- d. Clustering Technique

14. _____ uses a set of examples to approximate a classification model, by relating to the closest example in terms of certain set parameters

- a. Neural Algorithm
- b. Visualization Technique
- c. Nearest Neighbour Technique
- d. Clustering Algorithms

15. Learning, Consideration and Evaluation by the customer are motivated during the

- a. Reach Stage
- b. Acquisition Stage
- c. Conversion Stage
- d. Retention Stage

16. This data mining solution matches the current examples with an example available in the repository and enables decision-making.

- a. Visualization Technique
- b. CBR Technique
- c. Nearest neighbor Technique
- d. Inductive Logic Programming

17. The technique that enables general relationship between two variables but not the exact nature of relationship is called

- a. CBR Technique
- b. Association Technique
- c. Regression Analysis
- d. Nearest Neighbour Technique

18. Grouping the data in such a way that inter-group variance is higher than the intra-group variance is done through

- a. Correlation Analysis
- b. Factor Analysis
- c. Regression Analysis
- d. Cluster Analysis

19. The customer movement out of the customer life-cycle post the "use" stage is called

- a. Customer Losses
- b. Re-entry
- c. Customer Attrition
- d. Customer Defection

20. Rule induction is a technique commonly used for

- a. Understanding Relationships
- b. Predicting a behavior
- c. Understanding specific patterns
- d. Forecasting a trend

Part B

Answer any FOUR

Marks: 4 x 10 =40

1. Evaluate and elaborate the process of evolution of the concept of eCRM
2. M/s. Kishore Enterprises, a leading insurance intermediary proposes to go for integration of its operational channels within the organization for optimizing its sales efforts and collection process. Suggest a CRM type & process framework for the company.
3. Explain the various components of CRM.
4. Explain the concept of Relationship Marketing with respect to service firms.
5. What is CLC? Examine a generic model of CLC.
6. Calculate CLV for a period of 3 years, based on expected revenue from a new customer, if the number of new customers acquired is 2500 and the retention rate is 60% for second year and 70% for the third year and the average volume of sale from each customer is Rs. 400 / year.

Part C

CASE STUDY

A major hotel chain was worried about its reducing share of the conference business. It wanted to know why it was losing business to competition. One of the team members suggested that market research be done. During the discussion, it emerged that research is most likely to validate what they already knew. It was unlikely to throw up new ideas on how to reverse the trend or turn around their conference business.

It was then that the marketing manager thought of giving a twist to the research idea. "What if we asked the customers for ideas instead of just views and opinions?" They decided to do a pilot group and got a group of 10 managers from customer organizations. These were seasoned administration and travel managers with excellent exposure to hotels around the world. They were men and women with keen eyes and great ideas.

After some starting trouble, the meeting moved to a good pace. Once they got talking, they were willing to share a lot. You just had to listen without interruptions. The pilot group helped in two ways. First, the group generated a whole range of ideas. Second, it also generated a whole range of powerful questions that were provocative. The marketing group refined these questions and used them as stimuli in the groups that followed. Here are a few of those questions.

- "What do you love about hotels that offer conference service?"
- "What do you hate about conferences in hotels? If you have to generate a bug list, what would it look like?"
- "What is your idea of a dream conference? How will it be different from anything that you have seen?"
- "What do you wish the hotels offered in their conference service, but will never have the guts to promise?"
- "If hotels asked you for advice to improve their conference service a 100 per cent, what would you suggest?"
- "If money was no constraint, what do you think the hotel must offer as part of their conference service? Why?"
- "If resources were no constraint, what would you like?"
- "What do you like most about the way your favourite hotel handles conferences? What is different or special?"
- "What are the little things that will make a difference, when it comes to conferences?"
- "Give us a list of your conference requirements that hotels have always refused to meet in the past."

The marketing manager did a few additional things that made these group discussions even more productive. He had his F&B manager, the Executive Chef, Banquets Manager, House Keeping chief, and others listen in to the discussions in an adjoining room through a closed circuit TV. (An idea he borrowed from the market research agency). Observing the discussions helped them. They generated new possibilities and checked them instantly in the group.

In addition, he double-checked ideas generated in the previous groups. This helped in two ways. Good ideas seemed to stand apart immediately because they caught every one's imagination. In addition, people built those ideas further and made them even more powerful. The marketing manager now had a bagful of options he could pursue to turn around the conference business. He chose high impact ideas that were new and easy to implement. The marketing team now had a strong proposition and an excellent story to tell to bring in new business. So what worked in this situation?

Choosing knowledgeable and articulate customers was the first big step. This needed a lot of time and effort but was worth the effort. The success of the groups depended on the right selection. Willingness to experiment with the process was another important factor. There was continuous improvement with every group.

Collaboration with a professional facilitator helped create the right climate. In addition, the facilitator was useful in developing provocative and relevant questions. This helped in getting the participants to get into a story-telling mode and talk freely. Involving all the key department heads was an excellent idea that helped in speed to market. They had already thought of ways and means to implement many of the ideas. They also found listening directly to the customers was refreshing and inspiring.

In the next stage, the marketing manager tested some newer ways of generating ideas. For instance, he held a separate group with smart front line staff who brought in conference business. The brought out ideas that were important but not articulated by customers. He spoke to travel agents and in some cases spouses of senior managers who accompanied their husbands on major conferences. Another interesting experiment was an onsite discussion with conference attendees. This was a simple two-question probe "What do you love about the conference arrangements? What do you hate or what bugs you most?"

He then instituted a simple idea-capture system within the company. He encouraged his people from all departments to have continuous conversations with customers, and submit ideas triggered by these conversations. It helped enormously in product and service improvements.

This story is an excellent example of business innovation driven by listening to customers. This is a regular practice with several small entrepreneurs. Organizations that are keen to institutionalize a customer-centric culture can get several cues from this story. The most important reason this succeeded is the passion and conviction of the marketing manager. Without that, this would have been one of those fancy initiatives that did not work. The marketing manager has since moved from the hotel business. He has carried this "picking the customer's brains" practice to his new assignment as well.

Answer any four

Marks: 40

1. Examine the problem faced by the hotel chain and explain how it planned to solve it.
2. At what levels were discussions encouraged and what were the outcomes of the "idea-generation exercise"?
3. What could have been the "new possibilities" that the hotel managers arrive at, apart from those listed by the research team?
4. Explain "customer-centric culture" and illustrate the same with a few examples that you have seen and known.
5. According to you what can guarantee sustained competitive edge to a service firm - 1. Understanding customers through data mining or 2. Listening to customers through interaction.
