



CII Institute of Logistics

Post Graduate Diploma in Supply Chain Management
Semester-end Examination June 2008

CUSTOMER RELATIONSHIP MANAGEMENT

Time : Three Hours

Marks : 100

Part A

Answer all questions (10 x 1 = 10 Marks)

1. CRM is central to the task of making an organization
 - a. Customer centric
 - b. Aggressive
 - c. Empathetic to stakeholders
 - d. Market effectively
2. The Major issue in a good CRM implementation would be to have a _____
 - a. Good profitability
 - b. Frontline information system
 - c. Decision support system
 - d. None of the above
3. _____ is defined as “the discovery and presentation of non-trivial, novel, interesting and ultimately potentially useful information from very large databases”
 - a. Data mining
 - b. Data warehousing
 - c. Data analysis
 - d. User data
4. _____ is a special form of product differentiation
 - a. Personalization
 - b. Positioning
 - c. New product launch
 - d. None of the above
5. Interactive, online systems that allow customers to design their own products from a menu of attributes, components, prices and delivery options are called:
 - a. Customer Information Systems
 - b. Data Mining Tools
 - c. Call Centres
 - d. Choice boards

6. The primary objective of CRM is to _____ with its customers and offer them multiple products and services by knowing their needs and requirements and expectations
 - a. diplomatically negotiate
 - b. co-operate
 - c. build long term relationship
 - d. None of the above
7. _____ try to simulate how a human being thinks
 - a. Artificial intelligence
 - b. Expert systems
 - c. Choice boards
 - d. Case based reasoning
8. A smooth flow of information across the supply chain helps reduce _____
 - a. Bull whip effect
 - b. Fixed costs
 - c. stock outs
 - d. None of the above
9. What are the two major components of customer loyalty?
 - a. Behaviour & Attitude
 - b. Responsiveness & Care
 - c. Time and delivery
 - d. None of the above
10. _____ is the result of an organisation creating benefits for customers so that they maintain or increase purchases from the organisation
 - a. Promiscuity
 - b. Loyalty
 - c. Brand identity
 - d. None of the above

Part B

Answer any three (3 x 15 = 45)

1. Explain the various linkages in a typical CRM system and discuss its role in marketing
2. How a typical customer life cycle management is dealt with in an enterprise?
3. Explain in detail about the relationship between market Intelligence and CRM

Part C

Case Study (3 x 15 = 45)

Raymond India's retail face is The Raymond Shop, a chain of retail stores offering wardrobe solutions for men. This includes brands like Raymond, Park Avenue, Parx, Manzoni and now ColourPlus. Started about five decades ago, Raymond has been one of the pioneers of Indian retail. The Raymond Shop network started with a small corner shop in Ballard Estate, Mumbai. It has grown multi-fold with a dedicated team making it the largest retail store chain in the country with over 300 stores in prime locations in 150 Indian cities. They have also extended their network overseas with around 25 shops in 15 plus cities of the Middle East, Sri Lanka, Bangladesh and Nepal. The Raymond Shop retail chain occupies a space of 1 million square feet built-up area. The Raymond Shop offers over 3,000 qualities, shades and designs of Raymond fabric.

One of India's oldest textile manufacturers and retailers, Raymond India operates across cities and deals with different cultures and people. Knowing all these customers and doing business accordingly is not a cakewalk. To deal with this scenario Raymond India decided to implement CRM (customer relationship management) across most of its retail outlets.

Know thy customer

Retail is all about knowing your customers thoroughly in order to serve them better. It is an age old philosophy of Indian businessmen that if you know your customers better, you can enjoy a better competitive position in the market. Before making extensive use of IT at its outlets, Raymond's business used to run on a manual basis. In order to know its customers better, a team was formed to survey prospective buyers as well as existing customers. After surveying them they would know the pattern of their purchases, their likes and dislikes etc.

This process was cumbersome for the surveying team and at times people were apprehensive about replying to questions related to their personal choices. With the growing use of IT in the retail segment, Raymond decided to implement CRM to know its customers better and in a more sophisticated way. "The need was to understand the customers and provide services suitable to them," says Anil Arora, Sr. Manager – Information Technology, Raymond Limited.

The Solution

Customer Relationship Management was implemented by Raymond to solve the problems of knowing the customers better. CRM helps the company understand the colour and design preferred by a particular age group or why a particular group or individual did not buy or did buy a particular product. As a result of the implementation, regular customers get a premium card which has all the details of a particular customer and the purchase patterns of that person can be studied efficiently.

The CRM implementation is named 'Premium Circle'. Customers using it are known as premium users and are given a premium card. This is offered to Raymond customers at 265 out of 365 Raymond Shops in India. With the help of this solution, a central repository of information is created about premium customers whose details are accessible at any retail outlet where this system has been implemented.

The implementation

The technology part of the CRM implementation was outsourced to Proximity which owns the infrastructure that provides touch points to the customer through the Web site.

Raymond's in-house team was responsible for devising the schemes and plans. Since only the technology part was given to a third party to manage, cost and quality of service provided by the vendor were considered while short listing a vendor.

The Retail head from the business side was the champion of the project and he was assisted by the IT department to provide the technological expertise that was required.

Three principles

"The aim of this implementation was to ensure three principles—availability, reliability and scalability of the solution," says Arora. Concentrating on availability meant that the solution had to be available at all times and that downtime had to be negligible. Failsafe software would ensure the reliability aspect of the solution. Lastly scalability ensured that the system would work efficiently irrespective of the number of locations at which it was rolled out. With organised retail in the midst of a boom, it is natural that the number of outlets will grow rapidly putting more pressure on ensuring scalability across the chain.

Phases

The time line for the entire project was close to three months and it was completed in three phases. The first phase consisted of the Proof of concept. In this phase the project was cleared through internal research to prove that the core ideas were workable before going any further. This use of proof of concept helps establish viability, technical issues are uncovered, and overall direction is set. It also helps in providing feedback for budgeting and other forms of commercial discussion and control.

The second phase involved running a pilot model created by the project team. This was to ensure that the core solution has been developed satisfactorily and was running as per the requirements.

In the final phase, the entire Web based project went live across 265 shops. Initially only 10 shops went live but soon 265 shops were on the network.

Hardware

The entire solution runs on HP servers on Windows Server with the SQL Server database. The database for the CRM is located on a web database server hosted by the vendor at an ISP IDC.

The servers are in high availability mode with redundancy at the server link level. In case of a breakdown of the link, the recovery time is approximately an hour.

Customer Response

Since this project was Web based, many customers are using it across India. This project helped evaluate customer choices to a large extent. With the use of this software, the product lines kept changing according to the customer needs and patterns and the end result has been satisfied customers.

The repeat visits made by each customer increased with the help of CRM solution. The only time customers were left a bit dissatisfied was when the database of that customer was not updated properly during the initial days after going live. The overall happiness of the customer has boosted business by a substantial margin.

Enhancements

Looking at the success of this CRM implementation Raymond decided to extend the similar exercise to its other product lines and brands such as kids wear. This

implementation is going to be implemented across 1,000 shops whenever Raymond decides to reach that figure.

QUESTIONS FOR DISCUSSION

1. Based on the case, discuss how the CRM processes help the streamlining of supply-chain in a retail environment.
2. How the currently implemented CRM system in Raymond's is different from a manual one? What are the major benefits of such a system from a conventional process?
3. Broadly discuss the various CRM issues in the case based on your course inputs. Explain how strategically it helps in value creation
