



CII Institute of Logistics
 PGDSCM & Certificate Programs
 Semester-end Examination – June 2010

CUSTOMER RELATIONSHIP MANAGEMENT

Time : Three Hours

Marks : 100

Part A

Answer all questions

(10 x 1 = 10 Marks)

1. CRM results in
 - a. Customer acquisition
 - b. -----
 - c. Customer enhancement

2. Identify the missing key component of the CRM generic framework:
 - a. Programme design
 - b. People
 - c. Processes
 - d. -----

3. Identify the missing type of data analysis
 - a. Classification
 - b. Regression
 - c. -----
 - d. Segmentation
 - e. Deviation detection

4. 2010 Diwali sales INR 30Mn in Delhi because of TV promotions costing INR 3Mn, what statistical technique should be used to predict 2011 Diwali sales?

5. A -----is a relationship between the customers and companies, and companies and their partners or resellers.

6. CRM is a
 - a. Marketing tool
 - b. Strategy
 - c. Philosophy
 - d. All the above (all the above)

7. Fill in the missing element in the Porter's five competitive forces model
 - a. Internal rivalry
 - b. Substitute offerings
 - c.
 - d. Bargaining power of suppliers
 - e. Bargaining power of customers

8. This is not a part of CRM application software
 - a. Customer management
 - b. Service /Delivery management
 - c. Supplier score card
 - d. Call center management

9. Fill in the missing characteristic of a CRM application software
 - a.
 - b. Workflow management
 - c. Data warehousing
 - d. Data mining

10. Customer relationship management can be used as
 - a. A tool for Marketing
 - b. A strategy for success in market
 - c. A philosophy for business management
 - d. All the above

Part B

Answer any four

(15 x 4 =60 Marks)

1. Discuss layers / framework to building a CRM practice with an example.
2. Can a business outsource CRM processes? If yes what are the guidelines that it should follow? Discuss with an example.
3. Discuss customer life cycle management with an example.
4. Discuss CRM maturity framework.
5. The following table indicates market damage caused by specific problems for the Retailer X who trades consumer durables:

Market damage caused by specific problems							
Customers experiencing problems: 45% (135,000)		Repurchase intentions		Customers lost		Value of customers lost	
Problem experienced	Problem frequency(1)	Will not	May not	Min	Max (2)	Min	Max
Products on back – order	46.4% (62,640)	10.3%	15.4%	6,452	16,098	Rs. 4.0 mn	Rs. 9.9 mn
Installation took longer than promised	39% (52,650)	13.7%	12.4%	7,213	13,742	Rs.4.4 mn	Rs. 8.4 mn
Errors in invoices	28.2% (38,070)	11.5%	6.7%	4,378	6,929	Rs.2.7mn	Rs. 4.2 mn
Sales rep. product knowledge inadequate	22.1% (29,835)	15.1%	10.2%	4,505	7,548	Rs. 2.8 mn	Rs. 4.6 mn

Post installation training of poor quality	18.5% (24,975)	28%	22.9%	6,993	12,712	Rs. 4.3 mn	Rs. 7.8 mn
Spare parts too expensive	17.8% (24,030)	32.1%	27.2%	7,714	14,250	Rs. 4.7 mn	Rs. 8.7 mn
1. Based on multiple selection							
2. Based on “will not” plus “may not” repurchase							

As a person with CRM knowledge how would proceed to fix the problems?

6. Discuss any three CRM performance measures.

Part C

Case Study

(3x10=30 Marks)

Shoppers Stop – Building Profitable Customer Relationships

This K.Raheja Group of Companies set up the departmental store called Shoppers Stop in 1991. Previously, the group had been involved in hospitality and real estate businesses and Shoppers Stop marked the entry of the group in the lifestyle market. The objective was to use the brand to create a fashion and lifestyle store for the entire family. In the mid 90s, Shoppers Stop became a rage by offering an innovative and enhancing shopping experience to Indians who had been used to ill-maintained shops, surly salespeople and poor choice of merchandize. Shopper Stop became the new benchmark in Indian retailing.

The shop is open to all and everyday, about 50,000 customers visit the stores spread across various Indian cities – Bangalore, Hyderabad, Jaipur, Delhi, Chennai, Mumbai, Pune, Gurgaon and Kolkata. However, what the authorities at Shoppers Stop realized was that the majority of purchases were through repeat buying from old customers. Therefore, it was felt that Shoppers Stop should focus on these customers and thereby they could ensure higher profitability. With this intent, Shopper Stop rolled out the loyalty programme in 1994 called the First Citizen Club.

The website www.shoppersstop.com gives the benefits for First Citizen Club members: As a First Citizen, your shopping experience becomes even more enjoyable with:

- Reward points for each time you shop at Shoppers' Stop
- Exclusive benefits and privileges
- Exclusive offers ever so often
- Updates on what you can look forward to shop for at Shoppers' Stop
- Exclusive cash counters at Shoppers' Stop so you can spend more time on shopping than waiting in a line

And a host of other benefits, all of which are provided to you by the First Citizen Programme.

Under the First Citizen Club, there were three categories which helped to segment the loyal customers based on the profitability offered by them (i.e. by taking into the value of purchases made by them). The categories were (in ascending order):

- Classic Moments
- Silver Edge
- Golden Glow

The benefits offered included various value added services (such as valet parking, home delivery of alterations, etc.) but most importantly the loyalty programme was a means to enable the loyal customers to get rewards based on the total value of transactions undertaken by them with Shoppers Stop.

To further enhance the benefits of the First Citizen Club to the loyal customers, Shoppers Stop entered into a strategic alliance with Citibank to offer a co-branded credit card called the First Citizen Credit Card which offered the combined power of the benefits of a Citibank Credit Card which offered the combined power of the benefits of a Citibank Credit Card along with the benefits of the loyalty programme. Using this card, customers could enjoy double the reward points, a 0% EMI scheme for purchases, and the card could be used as an ATM/debit card as well.

The loyal customers and the CRM initiatives were planned based on the business intelligence software used by Shoppers Stop to assimilate and analyze the

transactions across the stores. The transactions undertaken by the customer base of over 2,30,000 are fed into the system and after tracking the preferences of the various customers, CRM initiatives are planned. For example, direct mailers are sent out to customers keeping them informed on the new launches and updated information about the products of their choice. The forthcoming events at Shoppers Stop are also communicated to the customers well in advance so that they can plan their trips for these events.

The objective of the IT initiative was to create tailor made promotions and schemes that suited the requirements of the customers. According to Unnikrishnan TM (Customer Care Associate and CTO, Solutions and Technology, Shoppers Stop), "for this, we needed to understand how, when, where and in what combination, the customer buys merchandise." Shoppers Stop had to choose software tools for facilitating the analysis of the customer data. Unnikrishnan remarks, "we use a combination of Business Objects and SAS solution for trend analysis, promotion management, and customer behaviour, segmentation, buying basket analysis, profitability and lifecycle analysis. We also use it to understand the effectiveness of marketing efforts."

Case Questions

1. What step did Shoppers' Stop took to enhance customer loyalty factor? Explain.
2. "Looking at the whole business structure/model of Shoppers' Stop", do you think that it will ever be able to overcome the well established, though ill maintained shop structure in India, through its loyalty techniques. Give reasons, highlighting the consumer behaviour of an average Indian Consumer in buying day-to-day items and luxury items.
3. "In organized retail sector cost involved in designing CRM programmes and implementing them is too high, where as unorganized retail sector implements CRM and achieves results without investing any money." Comment on the CRM strategies adopted by both sectors and which of the strategies is beneficial in the long-run.