

PGDM (RM), 2019-21
Customer Relationship Management
RM -602

Trimester – VI, End-Term Examination: February 2021

Time allowed: 2 Hrs 30 Min
Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the Answer Sheet. All other instructions on the question paper / notifications should be followed meticulously.

Sections	No. of Questions to attempt	Marks	Total Marks
A	Minimum 3 question with internal choices and CILO (Course Intended Learning Outcome) covered	3*10	30
B	Compulsory Case Study with minimum of 2 questions	20	20
			50

Section A

1(A) CILO 1 (Understand)

- (a) Discuss the relative importance of the customer acquisition and retention processes from the perspective of customer lifetime value.

OR

1 (B) CILO 1 (Understand)

- (a) Describe why CRM is so important in managing supply chains. Elucidate with an example.

2(A) CILO 2 (Application)

- (a) Manufacturers such as Henkel or P&G are very detached from the final customer. Given the increasing power of retailers, how can they re-establish closer contacts with the final customer?

OR

2(B) CILO 2 (Application)

- (a) You are a consultant to a credit card organization who wants to establish a loyalty program. The CEO has just read about how most loyalty programs result in money losing propositions. How do you alleviate the CEO's concerns?

3(A) CILO 3 (Understand)

- (a) "Recalling products is another important dimension of modern marketing, but requires a thoughtful process by the marketers". Critically analyze the statement.

OR

3(B) CILO 3 (Understand)

- (a) What customer backlashes can be expected when a company introduces CRM practices? What cautionary steps would you advise companies to take to avoid these?

Section B

CILO 2 (Application)

The foundation of Shopper's Stop was laid on 27 October 1991 by K. Raheja Corp. Group of Companies. Being amongst India's biggest hospitality and real estate players, the group sets another milestone with their lifestyle ventures. The objective was to create a fashion and lifestyle store for the entire brands for the same. It tried to bridge the gap between the unprofessionally managed, and poorly stocked merchandise and ill-mannered staff, and the growing urban upper middle class who had money to spend but were asking for a quality environment. From its inception, Shopper's Stop has progressed from being a single brand shop to becoming a leading fashion and lifestyle store for the family. A pioneer of organized retailing in India, today, it has become the highest benchmark for the Indian retail industry. Its stores are present across various Indian cities such as Bangalore, Hyderabad, Jaipur, Delhi, Mumbai. It has a national presence over 6,00,000 sq.ft. of retail space, stocking over 250 brands of garments and accessories. In fact, the company's continuing expansion plans aim to help it meet the challenges of the retail industry in an even better manner than it does today. Its vision is to be a global retailer in India and maintain its No. 1 position in the Indian market in the Department store category. Being at the helm of a customer centric business, there is a strong emphasis on customer satisfaction which, in turn, translates into taking all aspects of the business very seriously.

CRM Practices:

The retail chain major is eyeing 50% sales growth from its CRM initiatives. The company has also lined up an aggressive expansion plan targeting smaller towns and cities in the country. According to MD and CEO of the company, it has given a new direction to its CRM initiatives after acquiring a business intelligence software called "Business Solutions". The new software helps generate intelligent data form Shopper's Stop customer base of about 2,30,000. The company then collects this data and touches base with customers via direct mailers informing them of all new promotions that are currently on and also updates them about the upcoming events. The company claims that it has taken its CRM initiatives to new heights and now calls its Loyalty Programmes.

CEM Initiatives: Over analysing of the company's sales trends and patterns helped realize that most of the sales were coming from the old customers primarily through repeat purchases it thought of focusing on those customers. The company tried to leverage data by providing information so that the customers may be available with the information and the company may ultimately be benefited. Under the CEM programme, the members are called "First Citizens". At Shopper's Stop, the First Citizens are given the following exclusive benefits and privileges:

- Reward points every time they shop
- Exclusive offers
- Updates on what one can look forward to shop for
- Exclusive benefits and privileges

- Exclusive cash counters so that they can spend more time shopping rather than waiting in a line.

There are three membership categories: (i) Classic moments (ii) Silver edge (iii) Golden glow. The company believes in providing the best experiences possible, including the best benefits and privileges. The programme gets as rewarding as one makes it since it depends on the membership status which is upgraded when one qualifies with the necessary purchases during the membership period.

Co-branded CRM initiatives: Shopper's Stop has been launching several schemes to benefit its profitable customers and has been coming up in partnership with several leading players who matter for retailing industry. One such programme partner is Citibank.

First Citizen Citibank Credit Card:

The First Citizen Citibank credit card-India's only co-branded store card combines the benefits of Shopper's Stop Loyalty programme, First citizen and the advantages of a Citibank credit card. This entitles customers to the benefit of:

- Earn double reward points
- 0% EMI scheme

First Citizen Citibank Debit Card:

The first citizen ATM/ Debit card is India's first co-branded ATM/Debit card in the retail sector. While this card can be used as a regular debit card and at an ATM to withdraw cash, it also helps a customer collect reward points every time he purchases merchandise at any Shopper's Stop Outlet. This also provides automatic membership to First Citizen Shopper's Stop Loyalty Programme for those who are not first citizen members yet. The company had also gone in for massive IT initiatives to support the customer support it had planned for. It chose software tools for facilitating the analysis of the customer data. They have been using a combination of business objects and the Statistical Analysis System (SAS) solutions for trend analysis, promotion management, consumer behaviour, segmentation, buying basket analysis, profitability and lifecycle analysis.

Questions:

- (a) Shopper's Stop was the first among the organized retail players to initiate CRM practices. What do you find from the above case study to substantiate this view? (10 marks)
- (b) If you were in the place of in charge of relationship management practices, what innovations would you have done? (10 Marks)