PGDM 2014-16

Customer Relationship Management

DM 531

Trimester –V, End-Term Examination: December 2015

Time allowed: 2 hrs 30 min | Max Marks: 50

Roll No: _____

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means.** In case of rough work please use answer sheet.

Sections	No. of Questions to attempt	Marks	Marks
A	3 out of 5 (Short Questions)	5 Marks each	3*5 = 15
B	2 out of 3 (Long Questions)	10 Marks each	2*10 = 20
C	Compulsory Case Study	15 Marks	15
		Total Marks	**50**

SECTION – A

A1. Traditional marketing has been termed by Don Peppers as a 'zero sum game' as opposed to Relationship Marketing. Comment.

A2. Not all companies can expect similar returns from a CRM initiative. Explain the 'Customer Need and Customer Valuation Matrix used to decide CRM Needs of companies.

A3. E-commerce sites have an inbuilt advantage of a huge customer database being generated continuously. How can the calculation of CLTV be used by an on-line e-commerce site like Snapdeal or Amazon?

A4. What according to you are the main reasons 'why customers leave'? How can a company defend against customer loss?

A5. Some exchanges are merely discrete while others are continuous. Explain the 'Buyer-seller Exchange Continuum in light of the above statement with the help of examples.

SECTION – B

B1. It has been found that CRM has meant different things for different people. A Manager therefore needs to develop a complete perspective . What are the 7 basic components of CRM Model.

B2. Cell phone companies faced an unexpected customer churn after MNP was enabled by the Trai. Such companies started conducting Exit interviews to find out why a certain customer was porting. How can, in your opinion, CRM be used by these companies to meet such a situation?

B3. Explain the 4 critical steps to winning back lost customers suggested by Jill Griffin.

SECTION – C

Case Study (Solve the questions at the end)

TURN OVER

CASE STUDY

An accounting firm currently provides accounting and taxation advice to 1,000 businesses and 2,000 individuals. In the past year 100 business customers and 500 individual customers were acquired through various marketing campaigns. One of their accountants has determined the following:

- The total spent on the marketing campaign to attract new business customers was Rs1,000,000,
- The total spent on the marketing campaign to attract new individual customers was Rs500,000,
- The annual servicing cost of the average business client is Rs5,000, and Rs500 for an individual client,
- The average annual income for a business client is Rs10,000,
- The average annual income for an individual is Rs1,000, and
- The average time they remain a client is 10 years (business) and 4 years (individual).

For this exercise, use the following formula:

CLV = {(annual revenue – annual costs) X years a customer} less initial acquisition costs

QUESTIONS

1. Should this firm focus on acquiring new business OR individual customers OR both? Give reasons. **(7)**

2. Which of the following approaches would likely have the greatest impact on CLV? Justify your answer. **(8)**

a. Enhancing customer loyalty

b. Growing income/revenue per customer

c. Reducing acquisition costs

d. Reducing service costs