

PGDM (IB), 2015-2017  
CUSTOMER RELATIONSHIP MANAGEMENT  
Subject Code: IB-511  
TRIMESTER –V, End Term Examination, 2015

Time Allowed: 2 hours, 30 minutes

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
		<b>Total Marks</b>	<b>50</b>

**SECTION A**

Answer **any three** questions from this section.

Q.1. Discuss the components of the CRM technology architecture from an operational and strategic perspective and the derived business value.

Q.2. How SCR and SW can be used in different cases to judge the attractiveness of the customer?

Q.3. Discuss how Customer Equity as a concept is more relevant than market share for a customer centric firm.

Q.4 Discuss with examples as to how sales force automation can be a key to customer relationship management.

Q.5. Discuss the IDIC framework and its relevance in customer experience management on the social media platform.

**SECTION B**

Answer **any two** questions from this Section.

Q.1. Imagine you are the manager of a chain of twenty five seafood restaurants in South India. The restaurant has a mainstream positioning. You are planning a campaign to attract new



clients, and your available budget is Rs. 1.5 million. Describe how you would go about implementing this campaign.

Q.2. a) How can an organization compute client level profitability?

b) What is the link between customer lifetime value and the profitability of an organization?

Q.3. a) A hotel chain wants to analyze its customer base with RFM. Describe the data field (Variables) in the database necessary to do this and the methodology adopted.

b) Discuss how Breakeven Index would be useful for implementing a marketing intervention.

### SECTION C

Read the case and answer the questions given at the end.

#### 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](http://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."

Q.1. What steps did Shoppers' Stop take to enhance customer loyalty factor? Critically analyse their loyalty program.

Q.2. Discuss how customer groups can be selected for implementation of loyalty programs.

Q.3. "In organized retail sector ,cost involved in designing CRM programmes and implementing them is too high, whereas 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.