

PGDM (IB), 2015 - 17
CUSTOMER RELATIONSHIP MANAGEMENT
IB - 511

Trimester – V, End-Term Examination: December 2016

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.

Section A

Attempt any 3 questions. All questions carry 5 marks each.

1. Explain the importance of CRM in ensuring business sustainability.
2. Write a brief note on "Permission Marketing", citing relevant examples.
3. What are the challenges involved in ensuring customer loyalty? Support your arguments with relevant examples.
4. Critically examine the role of the RATER model in CRM, using the hospitality industry as an example.
5. Elaborate on the importance of the "Moments of Truth" model in CRM.

Section B

Answer any 2 questions. Both questions carry 10 marks each.

1. Explain the KANOS model of CRM, using appropriate examples.

2. Explain the concept of "SPIN", using Lenovo laptops as an example.
3. Explain the "Importance Performance" model through an example from the airline industry.

Section C

Answer the following questions based on the case study.

MCDONALD'S IN THE USA

As years have progress many issues have arisen for McDonald's but the greatest is probably its poor customer service. A customer service index done in 2003 found that McDonald's has the lowest the customer service ranking in the fast food industry and is ranked even lower on customer service than the IRS. One reason for this is a high employee turnover rate. McDonald's has the highest employee turnover rate among its competitors. Another contributing aspect to the poor customer service is slow service at the drive-through window. McDonald's currently ranks fifth in speed at the drive-through window and 19th in accuracy. If you compare its speed and accuracy to its competitors and keep in mind that McDonald's generates 60 percent of its revenue from its drive-through and assume it is losing one percent of revenue for every six seconds that its behind, than McDonald's is losing approximately 97,000 dollars annually.

All fast-food hamburger chains, McDonald's included, are forced to respond to the shift in customer preferences from high-calorie burger and fries to healthier items such a deli sandwiches and baked potatoes. All the chains are expected to be struggling for several years to come to meet new consumer health expectations without compromising the original menu items. There are a number of driving forces which have molded the current state of the fast-food industry. In the beginning, fast-food companies typically focused on being the low-cost provider and sought to expand into as many markets as possible. As these national brands have grown, the markets they are competing in have

become overly saturated with restaurant options. As a result, the fast-food industry has begun to focus on the needs of the customer. The buyer has a great deal of leveraging power due to the fact that if they are dissatisfied with one brand they can easily switch or purchase from an alternate brand with little or no monetary repercussions. The fast-food firms have implemented strategies to improve the quality of customer service and the cleanliness of the restaurant locations in order to please their customers in hopes that they will become a repeat customer.

Fast-food restaurants have, for the most part, always been related to an unhealthy lifestyle. As a result, customers who are health-conscious have tended to take their business elsewhere to restaurants that offer nutritious alternatives. In response to the health-conscious lifestyle that people have adopted, the majority of the national chains have created new menu items to cater to this demographic. Customers are the main driving force behind the daily operations of fast-food firms. They are the reason that companies have attempted to upgrade the quality of their customer service and their needs have led to the creation of new products to satisfy their demands.

Over the past couple of years there has been a growing trend in the restaurant industry to provide customers with a higher quality product in a short amount of time. These restaurants are typically referred to as "fast casual" or "quality quickservice." They aim to provide freshly prepared, made-to-order meals. Their operations combine the speed and convenience of traditional fast food with the food quality and appealing décor of casual-dining restaurants. There are a number of national chains that fall into this strategic group of providing a high quality product in many geographic locations and there are also some businesses that function in a couple locations and provide a similar high quality product.

QUESTIONS

1. Conduct a SWOT Analysis of McDonald's purely from the CRM perspective, citing relevant examples. (8 marks)
2. Suggest some CRM strategies for the company, based on the SWOT Analysis. (7 marks)