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. Customer needs and customer valuations vary from being 'uniform' to 'highly differentiate'. How is the 'Customer Need and Customer Valuation Matrix used to decide CRM needs of companies? Explain with suitable contemporary examples.

A2. Don Peppers has termed traditional marketing as a 'zero sum game' as opposed to Relationship Marketing. What is meant by the term 'zero sum game'? Do you agree with Don? Justify your answer. How does relationship marketing avoid the zero sum game for a company?

A3. Some exchanges are merely discrete and unemotional like that of the buying of shoelaces or office supplies while others are continuous, relational and emotional like those between a doctor and his patient. Explain the 'Buyer-seller Exchange Continuum in light of the above statement with the help of examples.

A4. CRM enables a company to move towards customization and personalization. What is the difference between the two? Explain with the help of examples.

A5. Loyalty programs-also referred to as frequency, points, or rewards program have become popular There seems to be a strong correlation between loyalty and profits. Do you agree? Justify your Answer. Are there any brands that you are satisfied with and yet are not predisposed toward loyalty? What may be the reasons for this, in your opinion?

SECTION – B

B1. Swagat Restaurant, a new venture, has adopted CRM as a strategic initiative. They wish to develop RFM Scores for their customers .The following table provides Recency, Frequency & Monetary Value data for its customers. The Restaurant requests you to develop RFM scores for these customers detailing the process in development of the RFM Score.

Customer ID	Name	Recency (days)	Frequency (times)	Monetary (CLV)
1	Vivek	3	6	540
2	Sundar	6	10	940
3	Mala	45	1	30
4	Gauri	21	2	64
5	Kamal	14	4	169
6	Gulab	32	2	55
7	Jasmine	5	3	130
8	Golu	50	1	950
9	Amar	33	15	2430
10	Abrahim	10	5	190
11	Samrat	5	8	840
12	Prince	1	9	1410
13	Lily	24	3	54
14	Ghanshyam	17	2	44
15	Anushree	4	1	32

B2. Fresh Flower Florists are suppliers of fresh cut flowers. As a part of their marketing efforts the company is contemplating sending out multi coloured catalogues to a list of flower enthusiasts purchased from a list broker for Rs 2.00 per name for the next 12 months. The response rate of such a list is generally 5%. Each catalogue costs the company Rs 2.00 to produce and Rs 1.00 to mail. The catalogue will also be sent to another list of non-enthusiasts already in the possession of the company for the next 12 months. The response rate of non-enthusiasts is generally 2.5%.Calculate the acquisition costs for the enthusiasts and non-enthusiasts to the company.

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

Organised Retail Industry has been growing very fast in the recent past. Food retail has been a segment that has attracted significant inflow and growth of Indian as well as foreign brands. Pizza Hut has been one such brand that has changed the business equations significantly and has affected the conduct of the business of the industry. Pizza Hut has full service restaurant as well as delivery services. Being a leading brand in the fast food category, Pizza Hut has initiated several exemplary customer service initiatives in its industry. CRM for Pizza Hut means aligning business with culture. Succeeding at Pizza Hut is no longer about making it to purchase, but about making the customer experience in Pizza Hut restaurants great. For any CRM to fruit results, customers are to be at the centre stage. This is how the CRM of the Pizza Hut starts. The principles it lays for customer interaction are as follows:

- Identifying the prospects and customers.
- Differentiating customers in terms of their needs and their value to the company.
- Interacting with individual customers to improve knowledge about their individual needs and to build stronger relationships.
- Customizing products, services and messages to each customer.
- Reducing the rate of customer defection.
- Increasing the longevity of the customer relationship.
- Enhancing the growth potential of each customer through "share-of-wallet", cross-selling, and up-selling.
- Making low-profit customers more profitable.

The major Customer Service Initiatives at Pizza Hut can be described under the following heads:

1. *Customer-friendly initiatives:* The company is of the opinion of making the product available to its customers at a price affordable to them. For, several products are made available at a price that the customers may not find difficult to pay for. In some cases where prices cannot be brought below a level, smaller volume packages are designed to infuse affordability. Besides, Pizza Hut has also been using customer-friendly communication media and has been increasingly embracing emerging media. The website of the company has been working well and the sales of Pizza Hut have been increasing. The company has launched a new website for such e-commerce transactions.

2. *Customer Complaint management:* Pizza Hut offers hotline for complaint redressal that also helped Pizza Hut to 'interact to improve knowledge' about the customer's wants and needs. By knowing what the customers are happy or unhappy about, Pizza Hut can take different measures to satisfy the customers. Pizza Hut believes it's always good to have a channel that's 'open' to customers in order to get a feedback and hear complaints. Even if you lose the customers, if you can hear from them why they're leaving, you'll at least be able to remedy the problem so that it won't happen again.

3. *Customisation:* Classification of customers is necessary to give them better services according to their needs. Pizza Hut serves their customers on the bases of income level, age through market segmentation, etc. At the retail point, Pizza Hut focuses

more on age group and monetary status, and classifies its products accordingly. Pizza Hut ensures uniformity in its major product lines across all its stores. A minor degree of customisation as sugar free with extra cheese or change in stuffing and toppings is done if demanded by individual consumer according to the availability but no permanent customisation is done according to a city or state preferences as such. Customisation is done only as meals or combos. Pizza Hut's marketing organisation seeks to stimulate the market every four to six weeks. A lot of time and effort are spent on introducing new menu items.

4. *Gaining customer trust through leveraging customers:* Leveraging customer information and strengthening thereupon benefit both the stakeholders of the business of Pizza Hut. Pizza Hut procures data from customers in the form of response sheets provided to the customers after dining for evaluation of its products and services. Pizza Hut restaurants carry sensory and product value data collection according to their centralised plan but not at retail store level. Pizza Hut maintains a customer database from past customers by having information of their birthdays, anniversaries and email Id's, and principally targets the collection of information about their expectation and level of satisfaction. For this, collection of response forms is very important for them.

Pizza Hut also monitors customer loyalty. It uses repeated feedback forms, repeated business and even repeated menu orders to check loyalty of its customers. After assessing on customer's information, suitable loyalty schemes are designed suiting to their exclusive requirements and thus building trust among them for the company. A few such schemes are: "Pizza Hut offers meals of various sizes on customers demand; Pizza Hut also offers VIP membership which includes flat discounts as benefits to its loyal customers".

5. *Customer care management:* Pizza Hut carries out mystery audits for estimation of its CRM policies and level of customer satisfaction achieved. Every store has a bell to measure the customer satisfaction. The customers are asked to ring the bell if they are satisfied with their experience at Pizza Hut. Pizza Hut monitors a number of comment cards against the customers visiting the restaurant to maintain its record of customers' feedback. Pizza Hut follows a well-managed method to monitor customer satisfaction. Pizza Hut achieves this through managers and team follow-ups along with feedback forms, and call backs to customers for their opinions.

Customer Relationship Management software is used in Pizza Hut for data analysis and interpretation of collected feedback from customers.

6. *Grievance handling:* Pizza Hut deals very seriously with the complaints and offers quick redressal systems. Complaint can be put up either in complaint register or by mail id to respective company ids online. The Pizza Hut is quick with complaint redressal acting within 24 hours. Pizza Hut uses software for grievance redressal, classifies similar complaints, categorises them according to similarity, frequency of occurrence and prior solution, and aims to find an ultimate solution for such complaints.

7. *Employee behaviour:* Pizza Hut is a food retail business which is characterised by simultaneous production and delivery of services. In this case, employees are of utmost importance. Pizza Hut provides one month customer specific training to its employees. All the new recruits are required to go through this training. Pizza Hut monitors the employee behaviour regularly. It uses the Balance Score Card to monitor employee behaviour and follow up CRM practices.

▤ CRM PRACTICES AT PIZZA HUT: POINTS TO PONDER

Pizza Hut's biggest obstacle hindering its success in local population is pricing, which from the perspective of Tier 2 and Tier 3 cities is on the higher side. A price equivalent to one pizza can buy a meal for the whole family at buffet diners. Since its pricing attracts customers of upper echelon, they have got a little more expectation and they demand extra care and personal attention which, because of practical constraints, becomes difficult at times to fulfil. This then leads to customer dissatisfaction and complaints.

Since Pizza Hut has positioned itself as a full-service restaurant, customers expect all the services offered by a full-service restaurant. Costumers expect better childcare and children-satisfying facilities and family combo meals in Pizza Hut's menu. Regular customers expect even more attention and so restaurant staff should keep a track of them and their regular orders; otherwise, it does not keep the trust and relationship going.

Freebie on high value orders is another customer expectation that can be easily met by Pizza Hut already being a cost-intensive store for customers to have a meal. A better waiting room with good sitting facility should be there at restaurant stores which makes them a good place to be at even when the diners are full, i.e. waiting at restaurants should also be made satisfying. Another awesome customer-attracting strategy would be free automobile parking coupons for its customers.

Questions

1. Analyse the CRM practices of Pizza Hut. 　04

2. If you were the Incharge of Customer Service of Pizza Hut, what customisation/change in your practice would you introduce when you would go to Tier 2 and Tier 3 cities for your operations? 　04

3. How important do you think are the customer feedback in design and improvement of customer service of any such organised food retail? Are you satisfied with the measures of Pizza Hut? How would you design a questionnaire for obtaining meaningful customer feedback? Also explain the initiative you would undertake to motivate people to fill in this questionnaire. 　07