

PGDM 2018-20
Customer Relationship Management
DM 533
Trimester –V, End-Term Examination: December 2019

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**. All other instructions on the reverse of Admit Card 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 Or Maximum 6 questions with internal choices and CILO covered (as an example)	3*10 Or 6*5	30
B	Compulsory Case Study with minimum of 2 questions	20	20
			50

SECTION A

Q1a. Comment on the correctness or incorrectness of the following statement, "CRM is concerned with managing one's current customer base and is not concerned with the process of acquiring new customers".

OR

Q1b. Comment on the correctness or incorrectness of the following statement, Companies should make it their goal to attract the greatest number of customers. After all, every customer counts, and growing market share is a measure of success".

(CILO1)

Q2a. Describe an interaction with a customer care center (CCC) of a company you had which strengthened/ destroyed the relationship bond with the company. What, in your opinion led to such an outcome?

OR

Q2b. What are the benefits of a loyalty program to the company and the customers? Why, still have contemporary loyalty programs seen customer disinterest/ Suggest some ways a company can re-kindle customer interest.

(CILO2)

Q3a. Keeping a Customer's Lifetime Value (CLTV) in mind how can a high fashion retailer use customization and personalization?

OR

Q3b. In light of Reinartz & Kumar's model what can a company do to make its 'barnacles' to 'true friends'?

(CILO3)

SECTION B

Read the case and answer the questions at the end. Each question carries 5 marks.

Blyk—Tailored Advertising Via Your Phone?

From October 2007, making calls and sending texts on a mobile phone potentially become much cheaper for young people (aged 16–24) in the UK. This is because new mobile phone network operator Blyk launched its service offering free calls and texts in return for its users accepting directed advertising messages on their mobile phone handsets. Blyk's co-founder and Chief Executive, Pekka Ala-Pietila (ex President of Nokia) was confident that the service would catch on. Each customer signing up receives a free SIM card complete with 217 texts and 43 minutes of free air time to any UK network. Customers can top up themselves at 10p per text and 15p per minute, but it is unlikely that many would wish to do so as each month Blyk refills the SIM card free of charge. In effect, customers can enjoy free mobile phone use indefinitely.

In return for this, customers can expect to receive up to six adverts a day either from Blyk themselves, or from brands in which Blyk think the customer will be interested. This latter point is the key to Blyk's success. Ala-Pietila is keen to avoid the advertising messages being seen as junk or spam and the company therefore selects the message based on the likes and dislikes of each individual customer. In order to gauge this, each new customer signing up for the service is required to provide background details about themselves, such as age, sex, hobbies, interests, etc.

Blyk's intimate customer knowledge and its ability to target highly prospective customers with relevant offers make it an attractive medium for advertisers. This means that it can charge companies a premium rate for using its network, and it is this which pays for the free texts and airtime. Companies signed up include Coca Cola, L'Oréal, Buena Vista (part of the Disney Media Group), recruitment company Shepstone, and mobile gaming group I-day. Blyk has also signed a deal with the digital arm of Yell (the owner of Yellow Pages) to enable local advertisers to target people in their area with relevant messages and offers.

First Hop is the company providing the technology to run the advertising. They use the data they have in order to build up pictures of individual customers and match them to likely promoters. Customer profiles are further developed by monitoring their phone use, including Internet sites visited regularly and take-up of offers and promotions. Orange, the network provider behind the system, is very upbeat about its potential. Their own research suggests that customers are more than willing to interact with brands through their mobile

phones. In a survey of 1,000 users, Orange found that over half would have no objection to seeing more advertising on their mobile phones, whilst only 6% were against the idea.

This is encouraging news to marketers who have struggled to keep up with the teenagers and young adults whose media preferences are constantly changing. This is a market which is often more receptive to social interaction on websites such as YouTube and Facebook than they are to traditional media such as television. So far, marketers have been slow to take up the challenges of these new media, but mobile phone advertising could be the way forward. The fact that Blyk is specifically aimed at 16–24-year-olds is significant because they are heavy users of mobile phones. They are also more accepting of the trade-off between free services and advertising, having grown up with the concept on Internet sites such as MySpace and Bebo.

The idea of mobile phone advertising is not new—easyJet's Stelios Haji-Ioannou has been toying with the idea for a while but has not yet found the right platform. In the USA, Virgin Mobile runs a service called Sugar Mama, which offers users free air time for every 'advertiser backed action' they take. This includes things like requesting more details, asking for a quote, etc. However, one mobile phone manufacturer is hoping to take the game to a whole new level. Motorola wants to monitor customers' calls and texts so that it can send them relevant advertising messages at the exact time they need them.

They claim that they have developed technology which will scan customers' text messages looking for key words which will alert companies to immediate marketing opportunities. If words like 'film' or 'movie' were picked up, for example, the customer could be sent an advert for a local cinema. GPS technology would enable the customer's exact location to be pinpointed, enabling highly location-specific messages to be sent. The technology is being further developed such that voice messages could also be scanned. Motorola admit that this would invoke big privacy issues, but claim that they would only scan a customer's messages with their prior permission and that this would most likely be in return for cheap rates or free air time such as with Blyk.

Despite this assurance, consumer privacy groups have deep concerns. Simon Davies, Director of Privacy International, summed it up: 'Phone companies may be talking about "opting in" to such schemes and providing customers with incentives to sign up, but down the line it is more likely that you will be penalized if you don't sign up'. Whatever the reality, there is no doubt that as technology advances the debate will grow in intensity.

Questions

1. What added value are the systems being offered by Blyk and (potentially) Motorola giving to customers?
2. Who stands to 'win' the most out of such arrangements?
3. To what extent can schemes such as these help to develop customer relationships?
4. What is the role of technology here?