

Jagan Institute of Management Studies
End-Term Examination, April, 2017
Trimester III – PGDM (IB) 2016-18

Customer Relationship Manager
ET_IB_CRM_1804

Time: 3 Hrs.

M. Marks: 70

INSTRUCTIONS: Attempt any FIVE questions including Q7 which is compulsory.

- Q 1** Procter & Gamble is one of the largest and among the fastest companies in India in the FMCG space. From beauty and health to home and beyond, their product line touches the lives of millions of consumers. FMCG Companies operate on low absolute margins on a per-product basis and lack of direct consumer contact whereas CRM goal is to identify and target high-value customer and to then devise a retention or growth strategy for them. In practice, this means to allocate disproportionate resources to these customers. Therefore, the challenge that lies in front of firms such as Procter & Gamble is to define, conceptualize, and implement a suitable CRM approach. How would you define and measure customer value on the individual level or on the segment level in FMCG environment? Is there a necessity for manufacturers to partner up with retailers in order to implement an effective CRM strategy in FMCG industry? **14**
- Q 2** “Traditional “low price” and “reliable service” mechanics are no longer working for brands trying to earn customer loyalty. Instead, what influences customer loyalty across the country and drives customer relationships in the digital age are small tokens of affection, frequent interactions and new experiences”. Do you agree with the statement? Do customers transact because they feel loyalty or there are other reasons for their patronage with the brand and how important is customer loyalty for the organization’s success? Discuss with the help of suitable examples. **14**
- Q 3** PVR cinema has its pan India presence in 50 cities with 125 properties and 574 screens. The organization constantly aims to offer the most qualitative movie watching experience to their customers. They are expanding their presence to Tier II markets and they are the first brand in their industry to provide a platform to the common man to not only enjoy a world-class cinema experience, but also provide them with a

family entertainment destination.

How can PVR cinemas maintain their service quality keeping in mind their scale of operations avoiding the gaps in rendering services? Explain using Servqual model. 14

Q 4 Indian ecommerce player Jabong has launched sports and lifestyle brand HRX by Bollywood actor Hrithik Roshan on its platform. Around 1250 HRX merchandise will be available live on Jabong portal and mobile app that will include HRX range of footwear and apparel both for men and women with a price range of Rs.499 – Rs.4999, with an average price of Rs.1700. E commerce Player wants to increase market share in this youth segment as this segment comprises of techno-savvy customers with consistent incomes. The player is uncertain whether it is providing this segment with the necessary ease of access, applications, and technology to grow this business, nor how it stands relative to the competition. The marketing team is interested in knowing about mobile App usage, whether the player will be able to gain market share with this application and what is the perception of the target market for the newly launched category? The data warehouse of Jabong contains lot of information pertaining to the customer's past transactions and preferences. What customer classification classes, cluster, association and sequential pattern of data mining would you suggest that Jabong can use to increase the sale of its new category? 14

Q 5 Do you think Information technology has a critical strategic role to play in managing effective long term customer relationships? Discuss in context of Sales force management, Campaign management, customer care and ERP in supply chain. 14

Q 6 Banks have very few customers who end the relationship. Consumers generally are not quick to close their bank accounts as compared to other product categories where switching costs are not very high. Does this mean that retention analysis is of no use for banking institutions? Can banks use cross sell and up sell strategies. What are the limitations of pursuing these strategies? How Pareto analysis of 80:20 rules may be applied to a bank? 14

Q 7 [Read the Case and answer the questions given at the end.](#)

Telecom Italia Mobile cuts churns and increase value

Background

‘Telecom Italia Mobile (TIM) won Gartner’s first European Excellence award for customer relationship management.’ In Italy, TIM is the

market leader serving more than 25 million subscribers. 'In 2016 , at a group level (including international operations), TIM generated revenue of more than €10.9 billion from its services portfolio- including voice communications, SMS, Multimedia Messaging Service and value-added services, such as info SMS, Wireless Application Protocol Push, general packet radio service and voice portal.

In Italy, mobile telecommunications is a mature market with strong competition and downward pressure on prices. In such a competitive market, TIM had to understand its customers' needs and expectations, as well as their value and likely behaviour. It could then use that insight to drive customer interactions to increase customer loyalty and satisfaction.

'The CRM effort was led by the marketing department, closely supported by the customer services organization.'

Approach

TIM's CRM programme focused on high-value customers. Customer insight has helped the company to tailor new offerings to customer's requirements and in that way create more customised, relevant and valued new services. Channels have been integrated and applied in a consistent way and helped to personalise each customer contact. Several processes have been re-engineered. A siebal eservice system has been implemented to support seven call centers with more than 5000 agents. Point of sale locations for retail customers were linked to the system and Oracle's online marketing campaign management system was launched.

Change management in Particular

'However, key to TIM's success was its change management. TIM had to create the right culture internally, so that employees and partners understood that the company's relationship with the customer had to be treated like a personal relationship. The wants and needs of both parties have to be met to create an enduring relationship.' Change management is always a major issue in creating a more customer-centric enterprise. TIM has tackled cultural issues in an innovative, creative and particular Italian way. As part of an ongoing program of education and change, it created an internal training video that draws comparisons between the relationship with the customer and romantic relationships with the real world. Customer churn is likened to divorce and buying from multiple vendors is depicted as unfaithfulness. The video stresses the importance of attraction and value of both sides in an enduring love affair. This video has been used very successfully in Italy and aligns very well with the local culture.

'TIM' has not recognized sales, customer service and marketing by segment, except in call centers. Objectives and incentives for

customer service, sales and marketing staff have been aligned and given a much stronger customer centric focus, helping to create a much closer working relationship between marketing ,customer service and sales.’

Results

TIM realized a 40% reduction in churn within postpaid high-value customer segments and an 80% reduction among customers that joined the Millennia TIM loyalty programme. Traffic for high-value customers was increased by 3.5 %, while the margin rose by 3%. The costs of retaining subscribers decreased by 16%.

Questions:

- a) What are the pros and cons of a CRM initiative that is led by the marketing department?
- b) How can customer lifetime value be estimated in the industry? Do you think it can help in reducing the churn for the telecom players operating in the segment?

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