JAIPURIA
INSTITUTE OF MANAGEMENT

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM (G/S/M)
FOURTH TRIMESTER (Batch 2017-19)
END TERM EXAMINATIONS, December, 2018

Course Name	Customer Relationship Management	Course Code	MKT 502
Max. Time	2 hours	Max. Marks	40

INSTRUCTIONS: *Answer the following questions.*

1. Assume that you are the Store Manager of a newly opened retail hypermarket and want to leverage customer potential based on superior service and excellent experience. Design your customer service initiatives at the store. Who would be the customers for whom superior service would be offered and how would they be selected?   **8**

2. What is Customer Lifetime Value? How would you calculate the CLV for a customer of a Company X with the following figures?   **8**

   - Profit generated by the customer each year = $1,000
   - Number of years that they are a customer of the brand = 5 years
   - Cost to acquire the customer = $2,000

3. "SPEC INDIA's flagship Mobile Sales Force Automation (SFA) solution, ZooM, is based on mobilizing and automating the routine activities of the sales force, customer executives and the field representatives who are on the move. It is developed exclusively to connect the mobile field sales force with the corporate back office and thereby, ensure a real time, robust and comprehensive flow of information to and fro between both the entities. The end result is a complete end-to-end field force automation application focusing on integrating the planning and execution of field staff activities along with the availability of business critical information right on time. (Source: https://www.spec-india.com/business-solutions/mobile-sales-force-automation-sfa-solution/) **Question:** Explain with reference to the above excerpt the functionalities of Sales Force Automation and the benefits for companies using it.   **8**

4. Please read the attached case "Implementation of CRM in ABC Bank and answer the questions that follow:
   a. How did ABC Bank go for adoption of Customer relationship management practices at the bank?   **8**
   b. If you are to update the CRM implementation in ABC bank, what would you have done?   **8**

Implementation of CRM in ABC Bank

Corporate Background

The early 1990s represented a difficult period for ABC Bank, with many suffering substantial losses as a result of the economic downturn that saw the failure of a large number of large businesses in Africa. Despite the banking crisis, ABC, the continent's largest savings group, limited its businesses while reducing operational costs.

ABC Bank has over 200 branches serving 10,00,000 retail as well as commercial customers. The bank was operating on multiple computer platform and systems, with disparate data scattered throughout the decentralised branches and could not easily gather and store customer-specific information which limited its ability to understand individual profitability by customer, product and service.

CRM Project Objective

1. To improve margins and increase profitability by targeting customers through better service.
2. To direct businesses to areas that provide the best return on investment and continue to manage operational costs.

3. To develop an information network that may help the bank gather and analyse customer transactions and individual profitability better.
4. To determine which services could be better marketed and where.

The CRM Design

The biggest challenge was finding complete information on customers and acting on it. Most customer information was derived from various production systems that contained insufficient customer information—an information labyrinth.

ABC Bank wanted to create, store and access customer-specific information in a responsive, easy-to-use format. By tracking customer trends and understanding individual profitability, the bank executives responded that they could improve revenue and margins through cross-selling and increasing customer use of most profitable products and services. As a first step towards a CRM solution, the bank decided to build a data warehouse to bring together its data sources and create repository for customer information from its sales districts which have five or six branches per district. The data warehouse ensures that each branch has a complete profile of its customers. In developing its data warehouse, the bank utilised outside services, including business and information discovery, technology solution design and integration, database design and data transformation.

Now, ABC Bank is leading the way with the implementation of relationship optimisation software and practises for increased customer satisfaction, customer retention and customer profitability.

Benefits: ABC Bank has achieved the following benefits from its CRM design:

- Increased its market share by reacting faster to opportunities in the marketplace.
- Significantly increased response rate on directed marketing campaigns.
- Created a complete profile of each customer.
- Realised a better understanding of the profit and cost associated with each customer, enabling customised services to customers to generate increased profitability for the bank.
- Enhanced teller performance by placing the power of the data warehouse directly at their fingertips, enabling them to instantly call up a complete customer profile to identify other services a customer may want.
- Increased usage of the bank's automated payment service, by promoting these services to customers who have not been using them, and by calculating the amount of money each customer loses by not using the service.
- Provided a strategic edge over competitors.

Moral: Banking institutions can establish successful CRM solutions that enhance customer relationships and improve profitability and customer retention by:

- Implementing a data warehousing and CRM solution that integrates all customer data and makes current customer profiles available to users.
- Combining and integrating customer information and providing tellers with complete and current information.
- Using data-handling technologies to manage and analyse customer information.