

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE
DEPARTMENT OF MARKETING
CUSTOMER RELATIONSHIP MANAGEMENT –CBU2202
FINAL EXAMINATION – MAY 2014
TIME ALLOWED: 3 HOURS**

INSTRUCTIONS TO CANDIDATES

Answer questions in Section A and any other **three** questions from Section B.

INFORMATION TO CANDIDATES

- i.) Question one carries **25** marks.
- ii.) Questions in section B carry 25 marks each.
- iii.) Questions may be answered in any order.
- iv.) Credit will be given for the use of appropriate examples.
- v.) This paper contains seven questions.

SECTION A : MULTIPLE CHOICE

QUESTION 1

COMPULSORY

1. What does CRM (Customer Relationship Management) allow an organization to accomplish?
 - a) Provide better customer service
 - b) Make call centers more efficient
 - c) Help sales staff close deals faster
 - d) All of the above

2. What helps an organization identify its customers across applications?
 - a) Predicting
 - b) Processing
 - c) Analyzing
 - d) Reporting

- 3.** What allows customers to use the Web to find answers to their questions or solutions to their problems?
- a) Contact center
 - b) Call scripting
 - c) Web-based self-service
 - d) List generators
- 4.** What focuses on keeping suppliers satisfied by evaluating and categorizing suppliers for different projects, which optimizes supplier selection?
- a) Customer relationship management
 - b) Partner relationship management
 - c) Employee relationship management
 - d) Supplier relationship management
- 5.** Which of the following is one of the CRM business drivers?
- a) Inventory control
 - b) Increase revenues
 - c) Automation/productivity/efficiency
 - d) All of the above
- 6.** What is the first CRM industry best practice?
- a) Clearly communicate the CRM strategy
 - b) Build an integrated view of the customer
 - c) Implement in iterations
 - d) Define information needs and flows
- 7.** Which of the following operational CRM technologies does the marketing department typically use?
- a) Contact center, Web-based self-service, call scripting
 - b) List generator, campaign management, cross-selling and up-selling
 - c) List generator, opportunity management, cross-selling and up-selling
 - d) Contact center, cross-selling and up-selling, Web-based self-service
- 8.** What targets sales opportunities by finding new customers or companies for future sales?
- a) Sales management systems
 - b) Contact management systems
 - c) Campaign management systems
 - d) Opportunity management systems

9. What is operational CRM?

- a) Supports traditional transactional processing
- b) Supports day-to-day front-office oper
- c) Supports operations that deal directly with the customers
- d) All of the above

10. Which of the following is not a CRM industry best practice?

- a) Provide better customer service
- b) Define information needs and flows
- c) Build an integrated view of the customer
- d) None of the above

11. An IT consultancy specializes in helping clients configure and implement OTS packages that have been developed by XYZ. Which of the positions on the relationship ladder listed below would the consultancy most likely be at in relation to XYZ?

- a) Prospect
- b) Client.
- c) Supporter.
- d) Partner

12. Product, Services, Personnel, and Image belong to which category as determinants of Customer-Perceived Value?

- a) Total Customer Value
- b) Total Customer Benefit
- c) Total Customer Cost
- d) Total Customer Proposition
- e) Total Customer Perception

13. Loyalty is a deeply held commitment to rebuy or _____ a preferred product or service in the future despite situational influences

- a) Repurchase
- b) Repatron
- c) Reprocure
- d) Repay
- e) Repossess

14. Which of the following statements best describe why there's a need to build customer value?

- a) Creating lasting customers is at the heart of every business
- b) Creating lifelong customers is at the heart of every business
- c) Creating long-term customers is at the heart of every business
- d) Creating loyal customers is at the heart of every business
- e) Creating lifetime customers is at the heart of every business

15. If a company's performance falls short of expectations, the customer gets _____.

- a) Distracted
- b) Displeased
- c) Dissatisfied
- d) Discontented
- e) Disappointed

16. Which of the following is true?

- a) Customer Relationship Management is the process of carefully managing detailed information about individual customers and all customer "touch points" to maximize loyalty
- b) Customer Relationship Management focuses on programs to attract and retain the right customers
- c) Customer Relationship Management enables companies to provide excellent real-time customer service
- d) None of the above
- e) All of the above

17. Buyers of Harley-Davidson motorcycles are promised more than just a vehicle, they also are assured that the motorcycles will work well, and maintain good re-sale value. Additionally, the Harley-Davidson brand represents "freedom" to many customers and potential customers. This latter idea is related to Harley's _____.

- a) Warranty
- b) Brand promise
- c) Core positioning
- d) Guarantee of complete satisfaction
- e) Value proposition

18. High satisfaction creates a _____ bond with a brand or company?

- a) Rational
- b) Marketing
- c) Emotional
- d) Product
- e.)Service

19. Customer profitability analysis classifies customers into profit _____.

- a) Levels
- b) Groups
- c) Sections
- d) Categories
- e) Tiers

20. Taco Bell estimates that a loyal customer might be worth \$11,000 to the company. This number stems from something called _____.

- a) $(NPV) \times (ROI)$
- b) Customer lifetime value
- c) The competitive present value of loyalty model (CPVLM)
- d) Repeat purchase analysis
- e) Brand equity

21. Verizon loses about one-fourth of its customers a year to competitors. Verizon's competitors suffer similar customer losses. What is this phenomenon called?

- a) Customer churn
- b) The burnout rate
- c) Worm-to-churn conversion
- d) The return phenomenon (TRP)
- e) Net loss analysis.

22. Which is true in the customer-development process?

- a) A disqualified prospect is the same as an inactive customer.
- b) The ultimate customer is the one termed the “repeat” customer.
- c) Some partners go on to become members.
- d) Advocates are the same as clients.
- e) A client becomes a member by joining a program that offers benefits.

23. Two types of loyalty programs include:

- a) Institutional and personal
- b) Frequency and personal
- c) Frequency and club membership
- d) Frequency and institutional
- e) Institutional and club membership

24. Which of the following are NOT examples of personalized marketing?

- a) Outdoor advertising
- b) Web sites
- c) Call centers
- d) Databases
- e) E-mails

25. What occurs when a Web site can know enough about a person's likes and dislikes that it can fashion offers that are more likely to appeal to that person?

- a) Personalization
- b) Operational CRM
- c) Analytical CRM
- d) None of the above

SECTION B

QUESTION 2

Evaluate the impact of the macro-environmental factors on an organisation's ability to implement customer relationship management as a strategy. **(25 marks)**

QUESTION 3

'Customer relationship management leads to competitive advantage.' How far true is this statement? **(25 marks)**

QUESTION 4

Using an organization of your choice, discuss strategies that can be used by an organization to retain its customers. **(25 marks)**

QUESTION 5

Analyse the relevance of the SERVQUAL model to a CRM manager. Use practical examples to support your argument. **(25 Marks)**

QUESTION 6

Evaluate the major challenges an organization faces when implementing CRM as a marketing strategy and suggest possible solutions to these strategies. **(25 marks)**

QUESTION 7

'The customer life-time value is a useful concept that can help organizations plan for their future'. Using practical examples, analyse how organizations can use this concept to their benefit. **(25 marks)**

END OF EXAMINATION