**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

**PGDM**

**FOUTH TRIMESTER (Batch 2021-23)**

**END TERM IMPROVEMENT EXAMINATION, DEC-2022**

|  |  |  |  |
| --- | --- | --- | --- |
| Course Name | **Customer Relationship Management (CRM)** | Course Code | **40127** |
| Max. Time | **2 hours** | Max. Marks | **40** |

Instructions: All the questions are compulsory

1. As companies grow, they often need to add more internal structure that helps manage and regulate the business. This often comes in the form of corporate policies or rules that are put in place to ensure a consistent customer experience. However, sometimes the rules that are designed to benefit the business can act as roadblocks to the customer's success. For example, an article by *Business Insider* highlights a notable complaint made against a large retail brand. This customer found that a product was priced higher in the store than it was marked online. When he asked an employee to match the cheaper price, the employee denied his request due to the company's policies. What's frustrating about this case is that the customer presented a clear opportunity for the business to provide above-and-beyond-customer service. Instead, this decision led to not only an unsatisfied customer but also a viral news story that influenced thousands of potential leads. Customers trust a company that's dedicated to fulfilling their needs, and sometimes bending the rules is a great way to build customer loyalty.

**1A). Discuss how you would have handled this complaint if you were the customer relationship manager at the retail store (5 Marks)**

**1B). Suggest ways how organizations can listen, respond and improve for enhancing relationships with its customers (you can take example from any sector). (10 Marks)**

1. Gaining a competitive advantage in one’s market used to be fairly straightforward. Build a good product or service, find the right price point and put out the occasional advertisement, and you were golden. However, enterprises have their work cut out for them in the cutthroat landscape of the 21st century. The wide variety of products, services and communication channels, combined with the increasing irrelevance of geography has made the world a battleground for brands hoping to not only survive but also thrive in their respective industries. Research conducted by Frederick Reichheld of Bain & Company found that increasing customer retention rates by 5% can lead to a 25% to 95% increase in an organisation’s profits. Combine this with the fact that acquiring a new customer can cost five times more than retaining an existing one, and it’s a no-brainer why businesses are banking on building customer engagement and loyalty.

**2A) Discuss various dimensions of profit that can be realized by the company if customers are loyal to the company over a long period of time (5 Marks)**

**2B) Discuss some myths associated with Customer Relationship management and what according to you could be the barriers inhibiting the implementation of CRM in any organization.**

**(10 Marks)**

1. **Case**

Think of an archetypal FMCG Brand and you might well think of Heinz. With its famous catchphrase “57 Varieties” and products such as tomato ketchup, soup, baked beans, spaghetti and salad cream, Heinz has become a household name at mealtimes across the world. The company as we know it was founded in the USA in 1876 by German émigré Henry J. Heinz, producing bottled sauces and ketchup. Heinz products were of a high quality and sold well and the range rapidly expanded, the famous tinned baked beans being added in 1895. It was shortly after this that Heinz coined its famous slogan -“57varieties”- to get across to its customers the depth and breadth of his company’s product range. Ironically by this time, Heinz already had many more than 57 varieties; he chose the number because it appealed to him. Today the company’s product range numbers over 360. By the time he died in 1919, Henry J Heinz’s company was a market leader and has remained so ever since.

Heinz has always tried to keep close to its customers. Its first products appeared in clear glass jars (where its competitors were using coloured glass), so that the purity of the product could be clearly seen. Traditionally the company has always laid much emphasis on loyalty, and invested heavily in slogans, advertising and branding. Henry J Heinz himself once described true loyalty as a customer who, upon finding no Heinz products in a shop, abandons that shop altogether and goes in search of shop which does sell Heinz. This is a powerful analogy – are there any brands that you like enough to walk out of a supermarket for?

As competition in the grocery sector has intensified, Heinz has fought hard to maintain its position. Initially competition came from other brands such as Crosse and Blackwell and HP, but recently Heinz has had to contend with supermarkets’ own-label products. Indeed such is the power of supermarkets that traditional brands have struggled to remain close to the final customer. With their size, range, and proximity to the final consumer, the big supermarkets have muscled in on customer relationships and can control to a great extent which products customers buy.

Heinz continues to promote its brand through advertising, point of sale promotions, and branded merchandise, but in common with many FMCG manufacturers has found it more difficult to pursue CRM strategies. At one time it was even suggested that if a customer spent less the 10 pounds a year on Heinz products, CRM was not profitable. These days however thing have changed. Clicking on to company’s website ([www.heinz.co.uk](http://www.heinz.co.uk)) customers can now obtain a host of information, from new product launches, recipes, tips about nutrition and even classic adverts from the past. Heinz has also developed links to other sites, such as Tinytums (where customers can access advice on pregnancy and baby feeding) and Linda McCartney Promotions (for offers on products that are complementary to Heinz’s own products). In addition, the site offers opportunities to enter competitions and a letters page, where customers can write in with questions or comments and read and reply to others. Finally, the website offers customers the opportunity to sign up to “Heinz Offers” by submitting their name, address and contact details. In return, customers are entered into a prize draw, but also receive a regular e-mail newsletter, with details of news, promotional offers and money off coupons for Heinz Products. Customers signing up for “Heinz Offers” are covered by a privacy policy to protect the data they submit and must also agree to abide by the terms and conditions of the site. To date, Heinz remains one of the UK’s favorite and bestselling brands.

**Q3A.** Taking Heinz’s current strategies, at what point (if any) does the company move from transactional marketing to relationship marketing? **(5 Marks)**

**Q3B.** Heinz is focused on building customer loyalty. What are the measures taken by Heinz for the same? Suggest some more ways in which Heinz can build customer loyalty. **(5 Marks)**