

**JAIPURIA INSTITUTE OF MANAGEMENT, INDORE**

1. **PFOURTH TRIMESTER (Batch 2019-2021)**

**END TERM EXAMINATIONS**

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| Course Name | Customer Relationship Management (CRM) | Course Code | MKT402 |
| Max. Time | 2 hours | Max. Marks | 40 |

Instructions: All the questions are compulsory

1. Lifestyle store was struggling with sales and was observing a trend where footfalls increased only during the sales promotion for which the organization had spent heavily on advertising. The expenses incurred to carry out advertising was $10,000 and on an average the company acquired 250 customers during such sales. The revenue generated on an average from such customers was $1000. However, since these customers are acquired during sales promotion time the additional cost per customer to the company was $50 to account for the sales promotion. 50% of these customers are retained by the company.

The store manager asked his analytics team to predict the lifetime value of a hypothetical customer category for 5 years with following assumptions:

Initial cost of acquisition is $500

Revenue increases by $ 70 every year (Assume revenue for year 1 to be $1200)

The cost of servicing the customer increases by 5% every year (Assume cost for year 1 to be $350)

50% of the customers are retained every year and the discounting rate to be applied is 12%

1. Apply the customer lifetime value concept for the above two scenarios and state which category is better for the company- Customer Category which comes only during sales or the hypothetical customer category. **(5marks)**
2. Suggest strategies for increasing the CLV of both the categories of customers. (You need to provide justification while suggesting any strategy) **(5 Marks)**

(**Note: The calculation steps must be depicted. DO NOT COPY PASTE THEORY FROM INTERNET RESOURCES**)

1. People who buy more products at the 1st transaction, especially those who do so in stores, are more likely to be repeat buyers in the future. Likewise, people who buy newly released products are potential high-value customers who would keep coming back. On the other hand, those who buy discounted products, especially those who do so during holiday periods or during sale, are categorised as “lower-value,” often one-time customers.
   1. Assume that you are the store manager at Big Bazaar and you have been given the task to segregate customers in high cost to serve and low cost to serve customers. Elaborate how you would accomplish this task. **(6 marks)**
   2. If you are approached by a very big restaurant to supply the staples but they are negotiating very hard to deliver at low price and also customise the delivery to their specifications, on what basis arrive to decide to serve or not serve the restaurant. **(6 marks)**
2. One of the most important aspects for a brand to develop trust-bond with its consumers is to command their respect through its actions, messages and behaviour. Respect, if transmitted to many, translates into reputation and ultimately leading to higher loyalty from customers. Assume that you are working for United Airlines which is starting its operations in India. Illustrate strategies for accomplishing the following:
3. Customer Acquisition **(6 marks)**
4. Customer Servicing **(6 marks)**
5. Customer Loyalty (with discussion on loyalty bonds, responding to customer complaints etc.) **(6 marks)**