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KIBABII UNIVERSITY



UNIVERSITY EXAMINATION

MAIN EXAM

2020/2021 ACADEMIC YEAR

FOURTH YEAR FIRST SEMESTER

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCM 447E

COURSE TITLE: CUSTOMER RELATIONSHIP MANAGEMENT

DATE: 19/07/2021

TIME: 2.00PM-4.00PM

INSTRUCTIONS TO CANDIDATES

- 1) Answer Question **ONE**(Compulsory) and **ANY OTHER TWO** Questions
 - 2) Candidates must hand in their answer booklets to the invigilator while in the examination room
 - 3) Credit is given for legibility, clarity and use of relevant examples
 - 4) Question **ONE** is **30 marks** while Questions **2-5** carry **20 marks** each
 - 5) Clearly write your **Registration Number** on each answer sheet used
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TIME: 2 Hours

KIBU observes **ZERO** tolerance to examination cheating

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QUESTION ONE

CRM at PhoneLink Co Ltd

The marketing agent of a long-distance phone service of the PhoneLink Co Ltd sells to a potentially high usage customer wireless service on three cell phones and includes a bonus of 1000 free minutes of service. First, the customer finds the wireless service does not work in his hometown, nor does it work in the first city to which he travels. After multiple calls to customer service, the customer finally obtains the full service for which he had contracted. When the customer receives his first bill, it is wrong, providing the free hours of service on the first phone but then billing hundreds of dollars in charges for the other two. The customer calls billing and after long explanations is finally able to rectify the company's errors. After two weeks, the company's fraud department shuts off the customer's phone service because his long-distance charges far exceed typical bills. Again the customer calls to explain, as he did in his first contact with the company's marketing agent, that he periodically amasses high phone charges due to high volume travel and relatives abroad. The company restores his service...until the fraud department cuts it off again in two weeks for the same reason. And while this highly profitable customer is paying the highest service rate and receiving substandard service, the company tries to lure other less profitable customers away from the competition with bigger discounts. In fact, the company's most loyal customers are paying its highest rates, presumably staying with the provider out of inertia.

- (a) Explain the CRM strategy of the PhoneLink Co Ltd? (5 marks)
- (b) What are the three developmental stages that the company should adopt for customer acquisition and management? (10 marks)
- (c) Discuss on the five foundation pillars for strategic customer care organizations where customer care becomes the culture and practice and customer dependency becomes reality. (15 marks)

QUESTION TWO

A company wishes to launch new toothpaste, which could prevent tooth cavities and tooth decay. But the toothpaste market is highly crowded with multiple brands. As marketing executive prepare a market research strategy to attract new customers as well as to retain existing customers, what type of customer relationship management strategy is required and so the company's new brand could be established in the market. (20 Marks)

QUESTION THREE

- a) John McKean, a veteran CRM expert, has identified eight major areas the enterprise needs to focus on to achieve strong customer relationships, what are they? (16 marks)
- b) Customer Relationship Management is a strategy used by many organizations nowadays. Discuss the main goals for adopting this strategy by organizations. (4marks)

QUESTION FOUR

- a) How can an organization develop loyalty and intimacy with its customers? Take an example an organization of your choice. (12 Marks)
- b) By giving appropriate examples, elaborate on customer retention programs for retaining customers. (8 marks)

QUESTION FIVE

- a) "The purpose of a company is to create a customer. The only profit centre is the customer." In light of the statement define customers and explain the importance of customer focused strategies. (8Marks)
- b) Select a product or service that you are planning to buy in the near future. Using a basic model of consumer decision making, discuss how you will be going through it for your chosen product/service. (12 Marks)