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**UNIVERSITY OF PETROLEUM &
ENERGY STUDIES**



End Term Examination – April, 2017

Program/course: MBA (Port & shipping, Aviation, Logistics)

Semester – 4th

Subject: Customer Relationship management

Max. Marks : 100

Code : MBCM 772

Duration : 3 Hrs

No. of page/s:

Section A: Attempt all the Questions [10x2 = 20 Marks]

1. Multiple Choice questions:

i. Which one is fit for complaint handling-

- (a) Centralized customer records
- (b) Track time and record
- (c) Generate corrective actions
- (d) All of the above

ii. Which is not way of customer grievance handling-

- (a) Never make excuses
- (b) Record what customer tells you
- (c) Ask for consider a fair alternative
- (d) Firing out employees

iii. Customer loyalty is rewarded as-

- (a) Discount
- (b) Gifts
- (c) Trials
- (d) All of above

iv. Speaking pleasantly is part of-

- (a) Courtesy system
- (b) Extraordinary service
- (c) Life time value
- (d) All of above

v. Customer complaint is-

- (a) Bad signal
- (b) Gift
- (c) warning
- (d) All of above

vi. The purpose of retention is-

- (a) To retain customers

- (b) To retain employees
- (c) To retain venders
- (d) All of the above

True/False:

- vii. When customer had any issues that need to be resolved, they can not approach customer service representative.
- viii. It is important for any customer service associate to listen closely to the customer.
- ix. Customer service associate work directly with the customer.
- x. Selling the company's product and services is not the part of customer service representative.

Section B: Attempt all Questions [4x5 = 20 Marks]

- Q2. Why is it so important for the first requirement in designing the relationship policy to be the improvement of the size and quality of the customer database? Explain your answer.
- Q3. People might express themselves more extremely on the web, in a positive or a negative way. What advice would you give organisations on the way they should deal with critics?
- Q4. Think of three recommendations designed to improve the security of your critical business systems in a multichannel environment.
- Q5. Why do so many CRM projects fail? Name ten reasons and explain your answer.

Section C: Attempt any 2 Questions [out of 3] [2x15 = 30 Marks]

- Q6. Describe step by step how a CRM change and implementation project could be designed.
- Q7. For an organisation of your choice, describe how they can involve consumers in the marketing of products or services during different phases of the relationship.
- (a) Describe in what way co-creation can take form during the orientation, selection, buying and after sales phase.
 - (b) Also show how organisations can reward relations for their contribution.
- Q8. Many companies develop channels in isolation. They set them apart from all other channels. The internet is very often a separate department. What might be the reasons that companies do this? Name at least four and give reasons.

Section D: Analytical / Situational / Case based:

Q9. Attempt all the questions [5x6 = 30 Marks]

CASE: shell and CRM: one database for 20 million customers

Interview by Peter olsthoorn with Ruud van Munster, european Loyalty and CRM Manager for shell

'Using overly expensive IT-driven CRM projects, other companies paved the way for Shell,' is one of the opening remarks made during an interview with Ruud van Munster, Shell's European Loyalty and CRM Manager. The oil company has learned from its failures and has chosen not to implement CRM on a Europe-wide scale, but instead to take a step-by-step approach.

A country-by-country basis

Shell has elected to expand its CRM programme on a country-by-country basis and is currently (2004) active in nine out of seventeen targeted countries. Munster: 'We first want to prove that something works on a small scale before we invest in something huge. There are too many CRM failures in the world. There are already too many projects in which the IT focus is too strong. Companies stare at huge CRM systems with abundant possibilities for which they have no sound application. If you do not know how to use them to create customer and company value and just climb aboard the CRM train, you will not succeed.' According to van Munster, too many companies have also implemented a call centre without first formulating a proper business case. 'In our organisation IT follows and we only install a call centre if we are convinced it will improve sales. We spend as little as possible on operations. Besides, a European CRM system is not necessary in our organization since there are only a few customers that fill up their cars across the border and those that do are normally less brand loyal.'

Shell currently maintains its own Shell (Club) Smart programme in thirteen countries and a 'coalition programme' in four countries: Air Miles in the Netherlands, Happy Days in Belgium, Thrumf in Norway and Smiles in France. The fuel card that can be used to pay for the fuel can also be seen as a loyalty programme and is in use in the Scandinavian countries.

Shell has created a three-layered CRM organisation:

- A loyalty competency centre in Hungary with IT and CRM knowledge. Van Munster: 'Hungary is known for the quality of its IT people, in addition to being one of the most successful countries for the Shell loyalty programme.'
- A European team of CRM experts; each of the team members has strategic responsibility for a cluster of countries.
- The local loyalty and CRM groups in the countries, who implement the programmes and have succeeded in creating value.

Van Munster: 'Centralisation has absolutely paid off. It was here that we developed our standard building blocks that we can apply to the countries. A few years ago we needed one year per country to implement a programme; now we do it in three months.' If it is up to van Munster, CRM applications will be further simplified and standardised in 2004, making implementation easier for local CRM teams. 'Practical efficiency is the goal. Perhaps it will become possible at some point to produce a single European or even global catalogue instead of national versions, and the articles can be sourced at lower cost.'

Facts

Is this approach typical for a follower? No, if we ask van Munster. 'You have to find out what does and what does not work on a step-by-step basis. You have to remain pragmatic. We sell fuel and cannot innovate CRM theory.' At present, Shell has a database of 20 million customers in Europe. This database is filled country by country and is currently operational in seventeen countries. The relation and transaction data are known and it is possible to identify customers and send them correspondence or products. It is possible to look into the database to find out how active they are, how frequently they cash in their loyalty points, determine their fuel purchasing behaviour and evaluate the value that they represent. Van Munster likes facts: 'Not many consumers will admit that loyalty points influence their choice of a fuel brand, but practice has proven otherwise. I attach more value to information I get from the database than to the results obtained through traditional market research. There is a difference between what consumers say and what they actually do.'

Shell actions

Crucial within Shell is the accountability for a campaign. Control groups are used, for example, to show the value of a campaign. 'In France we noticed a significant difference in customer revenue. Campaigns pay off and add approximately 10 percentage points. We had campaigns with a 50 to 60 per cent response rate, which is extremely high. The road warriors in particular, the group that drives a lot and buys plenty of petrol, responds quite well. They love to reach the individual target we communicated to them.' The example here is England where key customers received eight to ten e-mails during the summer with the offer of increasing their loyalty points by buying additional litres of fuel. 'They saw it as a game and took on the challenge.' E-mail has become a favourite, although Shell will continue to send physical mailings as well. 'In three hours' time you can invent and create an e-mail campaign; in a regular direct mail process this will take much longer. I do not want to abandon traditional direct mail, as it is part of the multichannel approach and complements the other channels, but the internet is gaining ground.'

Intranet

In England, the entire CRM operation, including the call centre, is outsourced to Carlson. Shell's competence centre, however, remains in charge and manages the relationship with Carlson. The future of outsourcing depends on several factors. 'In England, Shell has made good progress with CRM, the wages are high and there is a wide range of service providers. But taking on the challenge in-house also has its advantages as has been proven in Hungary, a country with 2.2 million cars and 2 million Smart customers in Shell's database. Smart customers can cash their points in at McDonald's and this makes the loyalty programme attractive for many. Success depends to a large extent on the efforts and spirit of the local organisation,' according to van Munster. Crucial to the organisation of CRM is the communication between the three layers and it is here that the web is useful. Shell has a European portal, an intranet, which functions

simultaneously as a knowledge base, a communication vehicle and the beginning of e-mail campaigns. Van Munster: 'Nearly everything we know about the 20 million customers may be traced on the intranet. Target groups in the seventeen countries and the success of campaigns are described in detail. If Turkey wants to copy a British campaign, they first read everything on the intranet and then get together for a face-to-face meeting to further develop the campaign. Each country has access to the available information. But only the local people have permission to access relationship data. 'This online tool is for us the basis for guiding CRM. You can do as much with it as you want. You can select customers for your campaign, based upon their life-time value or transaction profile and you can approach them whenever you want.'

Conclusion

The CRM targets differ per country and are defined using terms such as retention, reactivation and share of wallet. Van Munster: 'If we realise a retention rate of 68 per cent in the experimental group for the high value customers and 58 per cent in the control group, you can say that CRM is a success.'

Questions

- 1** What are key factors determining the success of Shell's CRM approach?
- 2** How would you formulate Shell's vision and strategy towards CRM?
- 3** Reconstruct Shell's CRM road map.
- 4** Formulate Shell's CRM business case(s).
- 5** How useful will a standardised global CRM approach be for Shell? Why?