

Name:
Enrolment No:



UPES
End Semester Examination, December 2023

Course: Customer Relationship Management
Program: MBA (Marketing)
Course Code: MKTG 8002

Semester: III
Time: 03 Hours
Max. Marks: 100

SECTION A
10Qx2M=20Marks

S. N.		Marks	CO
Q1.	What is the primary goal of the 'Differentiation' phase in the IDIC process of CRM?		
i.	a. To identify and segment customers. b. To develop personalized marketing strategies. c. To distinguish customers based on their needs and preferences. d. To integrate customer information into a centralized database.	2	CO1
ii.	Which of the following factors is NOT typically considered when calculating Customer Lifetime Value? a. Average purchase frequency b. Customer acquisition cost c. Customer demographics d. Average revenue per order	2	CO1
iii.	Which of the following scenarios is an example of a bounce? a. A visitor lands on a blog post, reads it, and then navigates to another article on the same website. b. A visitor arrives on a homepage, spends a few seconds, and immediately closes the browser tab. c. A visitor explores multiple pages on an e-commerce site, adds items to their cart, and completes a purchase. d. A visitor fills out a contact form on a business website and submits it.	2	CO1
iv.	Canva is an online graphic design tool that primarily falls under which cloud service model? a. SaaS (Software as a Service) b. PaaS (Platform as a Service) c. IaaS (Infrastructure as a Service) d. None of the above	2	CO1
v.	The purpose of Market Basket Analysis is to determine what products customer _____. a. Purchases together b. Anticipates to buy c. Considers similar d. Avoids to buy	2	CO1

vi.	Which of the following statements about the Balanced Scorecard is true? a. It is primarily used for evaluating customer satisfaction. b. It measures performance exclusively in the financial dimension. c. It aligns business activities with the organization's strategic goals. d. It is a tool for tracking employee performance.	2	CO1
vii.	What is the primary difference between customer loyalty and customer engagement? a. Customer engagement is a financial metric, while loyalty is an emotional one. b. Customer engagement focuses on retaining customers, while loyalty focuses on attracting new customers. c. Customer engagement measures the depth of the customer-brand relationship, while loyalty measures the duration of the relationship. d. There is no significant difference between customer loyalty and engagement.	2	CO1
viii.	A high Customer Lifetime Value indicates: a. That the company should focus on acquiring new customers. b. A strong, loyal customer base with high revenue potential. c. The need to cut costs to increase profitability. d. That the company is not effectively retaining customers.	2	CO1
ix.	The term 'internal marketing' is related to _____. a. Partners b. Employees c. Suppliers d. Customers who help in Co-Creation	2	CO1
x.	In highly regulated service industries such as Insurance, what are the primary objectives of regulatory bodies in relation to service recovery? a. Solely focus on punitive measures for service providers b. Establish broad guidelines without specific requirements c. Ensure that service providers align their recovery efforts with regulations and standards d. Encourage complete freedom and autonomy in service recovery practices	2	CO1
SECTION B 4Qx5M= 20 Marks			
Q 2	Explain the relevance of Financial, Social and Customization bond in developing relationship with customers. Give suitable examples.	5	CO2
Q 3	Why is Online Reputation Management considered a crucial indicator for businesses, and how does it impact long-term profitability?	5	CO2
Q 4	What is the significance of businesses establishing social media accounts on platforms such as Facebook, Twitter, Instagram, or other popular sites?	5	CO2

Q 5	Explain the concepts of Artificial Intelligence and Machine Learning.	5	CO2
SECTION-C 3Qx10M=30 Marks			
Q 6	You are appointed as a CRM specialist for one of the largest public sector Banks in India. Customers perceive this bank as dull, monotonous, and poor in terms of operations, process, employees, and service quality. This unfavorable perception has caused them to favor private sector banks and other public sector banks over the one you represent. As a specialist, suggest some marketing and CRM strategies to connect with customers, change their perception, and enhance the acceptance of this bank in a cut-throat Indian Banking business.	10	CO3
Q 7	Twitter, now rebranded as 'X', faced a significant challenge due to customer dissatisfaction, name changes, fees for new features, and the eccentric leadership style of Elon Musk. When Twitter rebranded as 'X' and introduced fees for certain premium features, many users were unhappy. Some loyal users were nostalgic for the old Twitter, and they felt that the changes disrupted their experience. Elon Musk, who took over as CEO of X, brought his eccentric leadership style to the platform. He made bold and controversial statements on X, which divided the user base. While some found his approach refreshing and entertaining, others were put off by his behavior. As a result of these factors, X experienced a drop in its user base. Some users left the platform, seeking alternatives or reverting to older social media platforms. The dissatisfaction and confusion among users affected the platform's image and caused a decline in its stock value. Suggest some strategies to retain and attract customers; encourage customers to pay for services; and regain their trust in X.	10	CO3
Q 8	<p>“Service failures weaken the customers’ loyalty to companies and brand especially in the case of intangible products.” Why? What suggestions would you like to offer to resolve this problem and design a service recovery system?</p> <p style="text-align: center;">OR</p> <p>How does a deep understanding of CLV help businesses make informed decisions regarding customer acquisition, retention, and loyalty programs? ABC OTT platform offers a subscription plan for Rs. 799 per month, and the variable costs associated with each customer account are approximately Rs. 50 per month. The company invests Rs. 1,200 per year in marketing efforts to acquire and retain customers. Their monthly customer churn rate is 3%. Assuming a monthly discount rate of 1.5%, what is the CLV of a customer for ABC OTT platform?</p>	10	CO3

SECTION-D
2Qx15M= 30 Marks

<p>Q 9</p>	<p>As the responsible marketing head of a business organization, do you think there are advantages to managing the online reputation of the business in the age of social media? Justify your arguments with the help of some real-life corporate examples. Also, suggest some ways to manage and improve the reputation of business organizations in the digital age.</p> <p style="text-align: center;">OR</p> <p>As per the Gartner Research, “Establishing a customer-centered business relies on the synergy between a well-thought-out vision, a positive organizational culture, and strong leadership”. Justify this statement. Here are five mission statements of global organizations. Read them carefully and analyze:</p> <p>(a) Which one is the best statement in your opinion and why?</p> <p>(b) Which mission statement is the best and poorest in terms of customer-centricity? Why?</p> <p>(c) Modify anyone mission statement keeping customer-centricity in mind and provide the justification.</p> <p>Nike: To bring inspiration and innovation to every athlete in the world.</p> <p>Tesla: To accelerate the world’s transition to sustainable energy.</p> <p>Zara: To give customers what they want and get it to them faster than anyone else.</p> <p>Indian Oil Corporation: To achieve internationally recognized standards of excellence in all aspects of energy and diversified business with focus on customer delight through value of products and services, safety, health and environment, innovation and by creating value for stakeholders.</p> <p>Citi Bank: To serve as a trusted partner to our clients by responsibly providing financial services that enable growth and economic progress.</p>	<p>15</p>	<p>CO4</p>
<p>Q 10</p>	<p>In 2007, Brian Chesky and Joe Gebbia were struggling to pay rent for their apartment in San Fransico. That’s when they noticed that there was a design conference in town and all the hotels were booked solid. Attendees were struggling to find a place to crash. So, they simply decided to rent out air mattresses in their apartment and called it “Air Bed and Breakfast.” And that was the original premise or the foundation of the platform. If you had a spare room in your house in the city, you could rent it out. The rates would be cheaper</p>		

than at a hotel. You'd make a quick buck. And the guest would get to maybe spend time with a local who'd give some handy tips for the city. It was cosy and casual. Users loved it. Investors slowly warmed up to it. Hosts who let out their apartments were over the moon with the extra money they were making. But this massive love - especially from the hosts - is also what eventually led to the "Airbnbbust" rumour. What do we mean?

Well, it was a simple oversupply problem. You see, during the pandemic, a lot of people bought a second home. Interest rates were at decadal lows and loans came easy. So, people thought there was an opportunity to snap up a home and list it on Airbnb. Make some extra cash. For instance, the number of short-term rental listings in the US skyrocketed to 1.38 million in September 2022. That's 23% higher than the same period a year ago. Suddenly, the number of listings shot up and there seemed to be a massive drop in overall demand for some hosts. But the truth of the matter was that users were now spoiled for choice. They had more properties to compare and decide. And naturally, some properties fell behind.

Also, as per some analysts, many of those properties that showed a dip in occupancy were in rural areas and beach towns - places that were hugely popular amid a pandemic when people wanted to get away from the crowds. But travel shifted back towards city getaways and those Airbnbs started seeing higher occupancy levels instead. So yeah, it wasn't a bust at all. Alright, now that we've cleared that bit up, you will be wondering - why on earth is Brian Chesky speaking about a broken model?

Well, the thing is Airbnb has some dark clouds looming overhead right now. You see, its success actually created a whole new breed of homebuyers. Ones that just wanted quick rental income. Or rather "the short-term rental speculator." These people believed that no price was too much to pay for owning a home that could be listed on Airbnb. Maybe they were drawn by all those YouTube videos touting "Make \$100,000 from your Airbnb", we don't know. But as they started snapping up properties, it led to massive surges in real estate prices across the US. By December 2022 only 10% of new homes cost less than \$300,000 as against about 40% in December 2019. A study also found that if the number of Airbnbs in the vicinity were doubled, the sale price of New York City homes would go up by 6-9%. But it wasn't just that, the Airbnb phenomenon also meant that the number of homes in the market available for long-term rentals dwindled. This forced rental costs up for people who didn't own homes too.

It was a double-whammy - rising real estate prices and rising rentals. And cities are taking notice of this menace. New York is doubling down on a rule which says that if a homeowner

rents out their space for less than 30 days, they have to be living on the premises too. They want these Airbnbs to register and since most of them don't meet this requirement, over 15,000 properties have disappeared from the platform. Florence, one of Italy's most popular tourist destinations, recently banned new short-term rentals on platforms like Airbnb so that it could free up more homes for locals. And Vienna, the capital of Austria, has a monthly tax Airbnb hosts have to pay if they make money from short-term rentals. You can see how as more and more cities wake up to the Airbnb problem, it could potentially hurt the revenues quite a bit, no?

But there might be a bigger problem that Chesky has to deal with. And it's that users of Airbnb are getting disillusioned. They hate the terms and conditions and the high prices - which often include an exorbitant cleaning fee which shows up only when you're about to hit 'book'. Just type Airbnb on X (formerly Twitter) and look at the results. Most of them will be complaints. Many people say they prefer hotels these days.

Now the Airbnb team is already trying to make pricing more transparent to users. But the one thing out of their control is how the host chooses to price the property. And as Bloomberg puts it, "Chesky walks a delicate tightrope as he tries to motivate profit-hungry hosts by encouraging (some of) them to shrink their margins." Yup, as people buy more expensive homes, they end up trying to squeeze more from their Airbnb rentals. They see demand surging and they want to make hay while the sun shines. But when the prices zoom, it drives customers away. They look for alternatives and run back to the hotels. The very industry that Airbnb was trying to disrupt. And that's going to hurt the platform.

That's what Brian Chesky is now worried about. He wants to fix the promise that Airbnb started with - great listings, great customer service, but more importantly - affordable.

Questions:

- a. What is the main problem in this case.
- b. How can Airbnb and local governments work together to address the challenges associated with rising real estate prices and rentals, while also ensuring a positive experience for hosts, guests, and residents?
- c. What will be your suggestions to Brian Chesky to solve the problem and fix the issues of affordable Airbnb services?

15

CO4