UTHM
Universiti Tun Hussein Onn Malaysia

UNIVERSITI TUN HUSSEIN ONN MALAYSIA

FINAL EXAMINATION
SEMESTER II
SESSION 2022/2023

COURSE NAME   : CUSTOMER RELATIONSHIP MANAGEMENT

COURSE CODE   : BIT 30603

PROGRAMME CODE   : BIT

EXAMINATION DATE   : JULY/AUGUST 2023

DURATION   : 3 HOURS

INSTRUCTION

1. ANSWER **ALL** QUESTIONS.

2. THIS FINAL EXAMINATION IS CONDUCTED VIA **CLOSED BOOK**.

3. STUDENTS ARE **PROHIBITED** TO CONSULT THEIR OWN MATERIAL OR ANY EXTERNAL RESOURCES DURING THE EXAMINATION CONDUCTED VIA CLOSED BOOK.

THIS QUESTION PAPER CONSISTS OF **SEVEN (7)** PAGES

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SECTION A

Choose the **BEST** answer.

Q1 Instead of studying individual customer data, ZETA Bank is interested in analyzing groups of customers. Members of the group should be similar and marked differently from other customer groups. Which of the following Customer Relationship Management (CRM) activities should be used to prepare ZETA Bank's customer data for analysis?

(1 mark)

A.   Regression.
B.   Clustering.
C.   Estimation.
D.   Prediction.

Q2 Which of the data sources is **NOT** an internal data source to enrich customer profile?

(1 mark)

A.   Social networks.
B.   The contact database.
C.   The sales information system.
D.   The transaction database.

Q3 How can a business construct a market profile for its target market?

(1 mark)

A.   By using demographic data from the analytical CRM.
B.   By getting the information from the Chief Executive Officer (CEO).
C.   By using business intelligence form its operational CRM.
D.   By adding more call centers to the CRM.

Q4 Lisa recently bought lotion from Brand XYZ. Lisa was evaluating her degree of _____ by contrasting her assessment of how the lotion made her skin feel and appear to her expectations regarding Brand XYZ lotion.

(1 mark)

A.   share of customer
B.   customer satisfaction
C.   customer equity
D.   customer-perceived value

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Q5 What is customer value?

(1 mark)

A. The relationship between goods and services.
B. When expensive products deliver satisfaction.
C. The relationship between benefits and the sacrifice necessary to obtain those benefits.
D. When an individual becomes attached to a marketing campaign.

Q6 Which of the following is **NOT** the CRM advantages?

(1 mark)

A. Customer acquisition.
B. Customer retention.
C. Customer survey.
D. Customer win-back.

Q7 In which of the following situations has a company most actively embraced customer-managed relationships?

(1 mark)

A. American Airlines awards frequent flyer points to returning customers.
B. Paige Premium Denim jeans provide superior quality and a perfect fit.
C. iRobot invites enthusiastic Roomba owners to develop and share their own uses for the company's robotic vacuum cleaner.
D. Best Buy distinguishes between its best customers and its less profitable customers, stocking merchandise to appeal to each group.

Q8 The policy is clearly stated at Gina's retail locations: "Without our customers, we don't exist." When a customer is anything less than completely delighted, Gina and her employees are ready to give discounts or additional services to make them feel special. Gina and her team work hard to turn every consumer into a loyal customer. The most accurate way to express it is that Gina and her team prioritize _____ over individual transactions.

(1 mark)

A. managing partner relationships
B. capturing customer lifetime value
C. selling new products
D. attracting new customer

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Q9   Which of the following is a type of business record that a firm can use to track its customers' buying habits?

(1 mark)

    A.   Invoice.
    B.   Forecast.
    C.   Marketing budget.
    D.   Annual report.

Q10   What is the primary focus of a CRM system?

(1 mark)

    A.   Preparing financial statements.
    B.   Controlling a business's costs.
    C.   Managing customer relationships in an organized way.
    D.   Attracting the best employees to apply for jobs.

SECTION B
Answer **ALL** questions.

Q11 (a) Discuss the term "relationships".

(6 marks)

(b) Why is it important that Customer Relationship Management (CRM) be customer-driven rather than technology-driven?

(4 marks)

Q12 (a) Differentiate between production-oriented businesses with customer-centric businesses.

(6 marks)

(b) How is CRM integrated with the processes associated with data analysis?

(4 marks)

Q13 (a) Explain why the customer intimacy value discipline is a defensive strategy.

(4 marks)

(b) Describe the **THREE (3)** options available for a company to obtain a CRM application.

(6 marks)

Q14 (a) Explain the difference between positive disconfirmation and negative disconfirmation of customer satisfaction using examples.

(6 marks)

(b) Describe **TWO (2)** purposes of market segmentation.

(4 marks)

Q15 (a) Explain **TWO (2)** examples on how an e-commerce site utilized marketing automation to communicate with its customers.

(4 marks)

(b) Explain **THREE (3)** potential conflicts that can occur between these various channels, the phone, the internet, and direct sales, if a CRM system is not implemented.

(6 marks)

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Q16   Based on **Figure Q16**, answer **Q16(a)** – **Q16(c)**.

> The rise of technology has greatly impacted how businesses manage customer relationships, with CRM software being widely used to gather and store customer data. However, the value of tacit knowledge, or knowledge that is difficult to formalize and communicate, should not be overlooked. For instance, a traditional shopkeeper who maintains personal contact with customers knows their preferences, buying habits, and has developed a deep understanding of their needs. On the other hand, a company with a CRM manager and expensive software has invested heavily in technology to manage customer relationships, collected vast amounts of data on their customers, and analyzed it using complex algorithms. However, in terms of building long-term relationships with customers, the shopkeeper's tacit knowledge may be more valuable than the company's explicit knowledge. While the company's explicit knowledge may be valuable in identifying broad trends and patterns, it may not be as effective in building long-term relationships with individual customers.

Figure Q16

(a)   Why tacit knowledge is important in customer relationship management?

(2 marks)

(b)   Explain **TWO (2)** examples of how technology impacts the way businesses manage customer relationships.

(4 marks)

(c)   Describe **TWO (2)** potential drawbacks of neglecting the importance of tacit knowledge and solely relying on data-driven analysis in customer relationship management.

(4 marks)

Q17   Based on **Figure Q17**, answer **Q17(a)** and **Q17(b)**.

> Yasmin, the owner of Glitz & Glam Boutique in Kuala Lumpur, faces a customer churn rate of 20%. The boutique has a gross margin (m) of RM800 per customer lifespan and offers a 10% discount rate (i). To sustain the business, Yasmin needs to find ways to reduce customer churn and increase sales revenue.
>
> To address these challenges, Yasmin can implement customer retention strategies such as personalized marketing campaigns, loyalty programs, and exceptional customer service. She can also analyze customer data to gain insights into their preferences and behaviors, which can help her tailor her products and services accordingly. Additionally, offering unique and exclusive products can help attract new customers and increase sales revenue. By implementing these strategies, Yasmin can improve customer loyalty, increase sales revenue, and reduce customer churn.

Figure Q17

(a) Calculate lifetime value of the customer (LTV) where $LTV = m \left(\frac{r}{1+i-r} \right)$, and r is retention rate. (Show your works)

(6 marks)

(b) Explain **TWO (2)** ways in which analyzing customer data can benefit Yasmin in terms of improving customer retention and increasing sales revenue.

(4 marks)

-END OF QUESTIONS -

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