

Chapter 10—Customer Relationship Management

TRUE/FALSE

1. While a company's Internet presence may be desirable for finding information or conducting product transfers, touching products and talking face-to-face with company representatives remains an integral part of the supplier-customer interface.

ANS: T PTS: 1

2. Up until now CRM has been very effective for most companies because it has focused on building customers' trust and loyalty, ultimately building a strong relationship with the customer through

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ANS: F PTS: 1

8. When web sites suggest other items for purchase based on already purchased items, this is an example of Cross-Selling.

ANS: T PTS: 1

9. As customers navigate through a website CRM software can record and analyze the customer's clickstream so website images and ads can be tailored to the needs and desires of that individual customer.

ANS: T PTS: 1

10. Some of the ways customers evaluate the customer service capabilities of an organization are through their experiences with human response call centers, automated response call centers, consumer web sites, and field service employees.

ANS: T PTS: 1

11. It is best to segregate information about and results relating to marketing efforts like customer loyalty

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completed eliminated from both e-mail and traditional mailing lists.

ANS: T PTS: 1

MULTIPLE CHOICE

1. According to the textbook, which of the following statements is TRUE?
- CRM stands for customer resource management
 - ASP stands for application service provider

- c. CRM stands for centralized resource management
- d. ASP stands for accelerated shipment process

ANS: B PTS: 1

2. Which of the following statements about consumer focused programs/initiatives is TRUE?
- a. Customers want additional support services and other offerings that add value to their initial product or service purchases
 - b. CRM programs are simple in that they involve treating customers properly and making them feel valued
 - c. CRM programs are complex in that they involve identifying all customers, their needs, and then creating a system geared towards completely satisfying the customer.
 - d. All of these

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6. When an organization attempts to offer the right products and services to customers at the right time through the offer of individual promotions tied to specific events, like birthdays and anniversaries, this is referred to as:
- a. Event-based marketing
 - b. Segmented selling
 - c. Personal holiday marketing
 - d. Extreme segmentation marketing

ANS: A PTS: 1

7. Which of the following customer service elements can be classified as examples of pre-transaction elements?
- a. Salesperson politeness and order processing capabilities
 - b. Warranty repair capabilities and customer complaint resolution
 - c. Product returns and information about the operation of the product purchased
 - d. Customer service policies and the company's choice of organizational structure

ANS: D PTS: 1

8. Which of the following is a method that organizations typically use in attempting to effectively manage the relationships between the organization and its customers at the customer service level?
- a. Reengineering and/or automating call centers based on past call center data

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a. REVENUE EXODUS

ANS: A PTS: 1

12. According to the textbook, which of the following statements is TRUE?
- a. CRM stands for customer relationship management
 - b. ASP stands for automated service program
 - c. CRM stands for customer resource management
 - d. ASP stands for accelerated shipment process

ANS: A PTS: 1

13. Which of the following are required elements of an effective CRM initiative?
- Automating the salesforce
 - Segmenting customers
 - Personalizing customer communications through the use of cross-selling
 - All of these

ANS: D PTS: 1

14. Which of the following customer service elements can be classified as examples of post-transaction elements?
- Salesperson politeness
 - Customer complaint resolution

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Notice, in many cases the same tools or strategies are used in an attempt to achieve more than one of the goals listed above.

Some students may see a certain tools and/or strategies as goals. For example, a student may list segmenting customers as the goal. In actuality, segmenting customers is a strategy used to achieve a one or more of the above listed goals.

Also, it is possible that some students may believe the listed tools/strategies maybe achieving goals that are not listed above. Read those carefully, as the above listed goals are most likely not complete.

PTS: 1

2. The textbook describes a *perfect order* as one in which all of seven of the rules in the "Seven Rs Rule" are satisfied. List of five of the seven R's.

ANS:

1. Right Product
2. Right Quantity
3. Right Condition
4. Right Place
5. Right Time
6. Right Customer

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- a. Privacy
- b. Use of ASPs
- c. Global uses of CRM
- d. Integration issues

ANS:

- a. *Privacy* – Consumers fear who controls their information collected via CRM programs, who it is being shared with, and whether or not the information will remain secure. As a

result government is implementing regulations in an effort to protect customers.

Companies need to be aware of customer concerns, changing regulations, and new ways that information is being compromised and/or abused. Also they need to be aware of the new ways data can be kept secure.

- b. *Use of ASPs* – Application Service Providers allow for companies to outsource their CRM programs to experienced companies in the field. Many companies are now choosing to outsource their CRM programs so they can concentrate on their core competencies.

Being aware of these types of options may save money, implementation time, and allow for a high level of productivity from day one since an experienced outside firm can leverage its strengths to help your company

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1. Segmenting Customers – Using data to categorize customers so that specialized communications can be used to more effectively utilize target marketing efforts.
2. Permission Marketing – Allowing customers to select the type and time of communication with individual organizations.
3. Cross-selling – Selling, or attempting to sell, additional products to customers during or following the sale based on initial purchases.
4. Customer Defection Analysis – Utilizing modeling technologies to find data patterns among customers who have quit purchasing, as opposed to those data patterns of customers that continue to purchase.

5. Customer Profitability Determination – Determining the value/profitability of each customer. This allows organizations to determine the amount of resources they invest in each customer.
 6. Event-based Marketing – Individual marketing programs based on the customers birthday, anniversary, etc.
- *Sales Force*
 1. Sales Activity Management Tools – Based on a firm's sales policies and procedures, these tools aid a salesperson through a sequence of sales activities during their interactions with each customer.
 2. Sales Territory Management Tools – Allows managers to monitor the status of each salesperson's activities on each customer's account.

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