



KIBABII UNIVERSITY COLLEGE (KIBUCO)

MAIN CAMPUS

**UNIVERSITY EXAMINATIONS
2014 /2015 ACADEMIC YEAR**

FOURTH YEAR FIRST SEMESTER EXAMINATIONS

MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCM 447 E

COURSE TITLE: CUSTOMER RELATIONSHIP MANAGEMENT

DATE: 21st January 2015

TIME: 3.00-5.00 p.m.

INSTRUCTIONS TO CANDIDATES:

Answer Question ONE and any other Two Questions

TIME: 2 Hours

QUESTION ONE

Read the following case study and answer the questions that follow

Case study

CRM AND CUSTOMER SERVICE

When a customer walks into main offices of Juniper Bank and the first thing noticed by him/her is the posters. The artwork focuses on customers, posters in hallways and break rooms instilling such messages as “Keeping the Customer First” and “Improving the customer Experience.” It’s a testimonial not only to the company’s culture of customer commitment but also to the very tenets on which the company was founded. Richard Vague has always been known as an industry leader. Vague was the former Chairman and Chief Executive Officer of First USA, the market leader in affinity credit cards that was purchased by Bank One in 1999. In co-founding Juniper Bank, Vague envisioned combining an online bank with a mission to simplify consumer banking and provide the best, indeed, the company’s flagship product is its futuristic transparent credit card; a product its founder declared is the best vehicle for obtaining rich customer information. Vague has described his vision for Juniper as being “genuinely fair to customers, easy to access, and simple to use.” All this even before the company had opened its virtual doors. Now that it has Juniper Bank was Launched in October 2000- it faces the same customer service challenges faced by most online businesses. But building a company from scratch presents some unique opportunities, as Regina Wallace, before joining was instrumental in constructing the Internet bank at Wells Fargo, is responsible Juniper’s entire service culture, from establishing the company’s call centre to directing the selection of its support technology infrastructure. After joining Juniper in June 2000, Wallace made crafting customer focused business processes one of her first priorities. “Not many companies can establish the ideal business processes before they are deployed,” says Wallace, who acknowledges that such work is much more difficult to accomplish after a bank is already in business. Wallace and her team designed business rules and processes from the customer’s viewpoint. The organization then automated them for customer service reps- known as relationship managers, or “RMs” – through a high touch, integrated customer desktop. The word “integration” was key for Wallace. After all unlike typical financial service call centre reps, Juniper’s RMs are trained on all Juniper products, from the core credit card to electronic billing and payment to the company’s new wireless banking service. Moreover, an RM is required to know how to communicate with a customer regardless of whether the preferred channel was the telephone, Internet chat, or e-mail. In fact, a single RM can handle 85 percent of calls to Juniper customer support, resulting in faster turnaround and more satisfied customers. In addition, Juniper’s preliminary customer behavior analysis indicates that the typical customer contacts the company three to four times a year. “We don’t have branches,” Wallace explains, “So we have very few opportunities to actually leave an impression on our customers.” Wallace made the decision not to outsource Juniper’s call centre for the same reason. “We definitely feel that our competitive advantage is to have our service in house. There’s a lot of customer intelligence that originates in Customer Service.” Taking the service culture one step further, Wallace empowers RMs to resolve issues in what they believe are the optimal way for each individual customer, embracing the practice of one-to-one dialog. For

instance, an RM can decide to waive a service fee in an extenuating circumstance for a valuable customer. In addition to maintaining an online database that provides RMs with customer profiles, the company tracks service outcome statistics to determine whether RMs are making the best decisions possible.

The Challenges:

The luxury of being able to build a company's support infrastructure from scratch is also its difficulty. True. Juniper has no neighbourhood branches with lines of impatient customers spilling out the door. Nor is there an easy way for Juniper to provide its customers with intimate human experience. There are no unwieldy legacy systems to grapple with, but that means little established data to direct the best decisions. "We were always tempted to revert to our past experience," Wallace reflects, "and sometimes we had to guess. But our products are different, and so are our customers." All things being equal, Wallace estimates Juniper is between 12 and 18 months ahead of the industry curve simply because she did not have to undo existing business processes to establish effective ones. She plans on tackling the organizational issues next: "We're moving towards organizing more around the customer so that we can continue to evolve our customer focus."

The Strengths:

Wallace also credits her success to the tight relationship between customer support and marketing. The classically tense relationship often sees service reps accusing marketing of being unrealistic about its promotions, and marketing accusing customer service of being unresponsive and foiling its campaigns. Not so at Juniper, where product managers in marketing can regularly monitor how their campaigns affect inbound customer contacts, and RMs can openly provide feedback to marketing about campaign improvements. The two organizations meet regularly and maintain a weekly performance scorecard. The organizational missions of both Juniper's Customer Support department and its Marketing department are centered on the customer experience. As Juniper understands more about its customers' behaviours and preferences, RMs can influence them. For instance if a customer purchases a Juniper credit card through a direct-mail promotion, an RM would highlight the benefits of Internet banking in his welcome call to that customer, potentially steering the customer towards a more profitable channel and evolving towards online bill payment. Indeed, when Juniper communicates with a customer on palmtop, reminding that the Case Studies telephone bill is due and offering to pay it, marketing and service becomes refreshingly enjoyable. Since its launch, Juniper Bank has begun receiving unsolicited customer feedback. The resulting word-of-mouth has been rewarding for both Wallace and Juniper. The company recently received the Number 1 spot in Gomez Advisors' Internet Credit Card Scorecard for providing "accurate and timely responses via phone and e-mail." American Banker reported a Speer and Associates Internet survey that rated Juniper "the best financial Web site, beating out American Express Corp, and Citi group Inc." As such a company so customer focused it doesn't need a formal CRM program. "CRM is more of an assumption," explains Regina Wallace. "We don't really talk about it; it's a behaviour we're trying to instill into our

culture. You know, “Are we pleasing the customer from the customer’s viewpoint?” judging from the industry praise and hearty consumer response, the answer is an absolute Yes.

Customer service is a set of business processes aided by new technologies but fundamentally practiced by human beings. Notwithstanding all the new CRM tools in the market that support call centers, companies can retain their customers by simply giving them an unforgettable service experience. However, it is of utmost importance that an effective CRM programme should be part of modern marketing campaign. Customer service strategies should be receptive to emotional involvement and there should be not only efficiency but also friendliness and empathy, two terms that play a larger role in CRM than they’re given credit for and that even the most cutting-edge CRM technologies will never provide.

- a) Make a SWOT analysis of Juniper Bank (10 marks)
- b) Do you agree with present management view that a CRM program is not required? Elaborate on your stand basing on the case study (10 marks)
- c) Give reasons for and against a proposed CRM program for Juniper Bank (10 marks)

QUESTION TWO

- a) Discuss how an organization and a customer both benefit by using CRM programs (12marks)
- b) Retaining and developing customers has long been a critical success factors for businesses. Discuss the retention strategies that businesses adopt to thrive in a competitive environment (8 marks)

QUESTION THREE

Customer relationship management is a long term approach that has to be adopted at the strategic level. Discuss an organization CRM strategies that is geared towards developing and maintain sustainable relationship (20 marks)

QUESTION FOUR

- a) Identify and discuss the key functional and technical requirements for CRM solutions in an organization (12 marks)
- b) Explain the marketing dynamics relating to CRM that an organization must address. (8 marks)

QUESTION FIVE

- a) Discuss the CRM implementation steps (10 marks)
- b) Identify and discuss the characteristic of an e-CRM solution (10 marks)