

Code: BA3T3

**II MBA-I Semester-Regular Examinations - JANUARY 2016**

**CUSTOMER RELATIONSHIP MANAGEMENT**

Duration: 3 hours

Max. Marks: 70

**SECTION-A**

**1. Answer any FIVE of the following: 5 x 2 = 10 M**

- a) Relationship approach of CRM.
- b) Explain the significance of CRM to the stakeholders.
- c) What is Exceptions analysis?
- d) Customer Segments.
- e) Name the elements of CRM.
- f) Transactional approach.
- g) Customer Acquisition.
- h) Mention the CRM models.

**SECTION – B**

**Answer the following: 5 x 10 = 50 M**

2. a) Explain the evaluation and growth of Customer Relationship Management.

OR

b) Discuss the role of Information Technology in CRM.

3. a) Explain in detail the need for Customer Profile Analysis in CRM.

OR

b) What is the criterion for selection of profitable customer segment?

4. a) Explain the Implementation issues relating to CRM.

OR

b) Describe various Customer Retention Plans.

5. a) Define Customer Value. Explain different sources of Customer Value.

OR

b) What are the values from Seven P's Marketing?

6. a) Discuss the recent trends in CRM .

OR

b) State the role played by the call centers in the present day marketing?

## SECTION – C

### 7. Case Study

**1 x 10 = 10 M**

Master Card: Is it mastering the possibilities? Although Master Card's advertising has advised customers and potential customers to 'Mastering the Possibilities,' many observers say that Master Card International has been unable to master its own Possibilities. The company, which is controlled by about 150 large banks, has had a host of problem areas. Master Card incurred a loss of \$5.3 million in 1987, when bad –debts totaled 2.9 per cent of receivables (verses Visa's bad debts of 2.4 per cent). Because of this loss, Master Card cut back on customer solicitations through mass mailings (which could have bad – debt rates exceeding 10 per cent).

It attracted criticism from retailers and others after announcing an increase in the fees that card issuing banks would charge retailers for each customer transaction made with Master Card. The rate increase was viewed as excessive by firms such as Wel-mart and Toys "R" Us and had to be tolled back.

The fee rollback helped retailers, but it cost Master Card in terms of lost profitability. The firm also suffered because the higher fee was intended to provide member bank with an incentive to push Master Card rather than Visa. According to an executive at one of the largest card – issuing banks: “The fee was very important to us. If Master Card has remained committed to the higher fee, we definitely would issue more Master Cards”.

Master Card has experienced a decline in market share. Until the late 1970s, it had the Number one position in worldwide credit card charge volume. However, in 1979, Visa passed Master Card and became the market leader which it remains today. The market share between Visa and Master Card has steadily widened.

The relatively new American Express Optima Card (which, unlike American Express other cards that require full payment each month is a true credit card and allows customers to pay their bills over an extended time period) is encroaching on Master Card’s market share. In less than two years on the market, Optima became one of the top ten credit cards in the United States.

Both Master card and Visa are owned by member banks that support them with dues. Bankers are increasingly questioning the rational of supporting two competing organizations. As one banker says, “The infighting between Master Card and Visa is hurting us all. We should be fighting Amex”.

Although Master Card developed the first premium bank credit card in 1983, Visa is pressing Master Card with heavy promotion. In 1988, within six months after introducing its premium card, Visa was able to equal Master Card in members.

In order to remedy this situation, and to capitalize on its powerful name (one study found Master Card to be the fourteenth most powerful brand name in the United States), the company began a new advertising

campaign with a \$ 20 million budget and the theme of “Master the Moment”. (to replace the “Master the Possibilities” slogan) in 1989.

The campaign’s (Strength is that it breaks through the defines Master Card in a way people are not used thinking about it”.

For the first time Master Card’s advertising now stresses the card’s cash-advance features and the ability of a cardholder to obtain funds from Master Cards nationwide Cirrus Teller Machine network. The new ads are also designed to change the public perception to Master Card as a “Women shopping card”.

As the editor of Credit Card Management observes it is imperative for Master Card to enhance its image” “Credit card marketing now focuses on what the card can do for you (Referring to American Express “Membership has its privileges Campaign” and Visa’s aggressive comparative advertising). But Master Card has been out there with a very fuzzy image and neglected to explain what the card can actually do”.

Part of Master Card’s fuzzy image has been due to its past practice of frequently changing advertising campaigns. For example in 1989 Master Card devoted part of its advertising budget to a short lived fourth-quarter, “Choose to Make a Difference” promotion.

Questions:

1. Comment on the difficulties in marketing Master Card because of its intangibility. How would you address this issue?
2. How should Master Card position itself against Visa and American Express?
3. How can Master Card Industrialize its services?
4. Present a comprehensive marketing plan to increase Master Card’s market share.