

K.J. Somaiya Institute of Management Studies & Research
Course: PGDM- COMM (Batch 2017-19), Sem-V
Sub: CRM

(End-Term Examination)

Date of Exam: January 14, 2019

Time: 1.5 Hours

Marks: 25

Notes:

- 1. Answer BOTH SECTIONS on separate answer sheets**
- 2. Supplement your answers with suitable theory, assumptions and examples where necessary.**

Section A

Question 1 In the 1970's, P&G recognized a mass-market opportunity for its potato chips business in the US. The organization decided to tap this opportunity through its time-tested strength in marketing, advertising and distribution.

After conducting some preliminary market research, P&G figured out the following challenges:

- The easily broken nature of the product due to transportation.
- The short shelf life of the product.

If the organization overcomes these two challenges, it would become easier for the organization to capture a huge share of the international market. After conducting a lot of research, the organization introduced a new product called Pringles. The organization ensured that the product has a long shelf life and does not break easily.

P&G started distribution of the product across the US and spent Rs. 25 crores on advertising during the launch. The organization spent around Rs. 200 crores over a period of eight years. It followed a policy of premium pricing, keeping its price 5% above the competition. Its goal was to earn 30% market share of the market and a bulk amount of sales revenue per annum by the second year of the operation.

P&G did achieve 30% market share in the early period, largely on account of customers who were eager to try out a new product. But, repeat purchases and market share fell to 8% by the third year. The share continued to drop and reached less than 7% by 1979. P&G thereafter continuously withdrew its advertising and brand support for Pringles, as both revenue and market share continued to decline.

P&G identified that customers were of the opinion that Pringles tasted artificial. According to the organization, Pringles were uniform in shape and texture. It was not broken, not burnt, or oily and sold in red cans and contained preservatives.

organization wondered why customers did not patronize Pringles despite the delivery of good value. (15

Marks)

- (a) What went wrong with P&G to provide the desired customer value?
- (b) Discuss the customer profitability and CLV concept in this context. What should be Lifetime value per customer?

Question 2 A) In CRM, customers are treated as assets and evaluated according to their long-term profitability and just sales volume. Do you agree? How can companies build better relationships with their customers? (6

Marks)

B) A successful CRM program is not just confined to the marketing department of the organization. It is an enterprise-wide activity”. Comment. (4

Marks)

OR

Question 3 Suggest with examples how relationship marketing is more/less suitable for the following product/service sector and outline a brief CRM strategy for the same. (Any Two) (10

Marks)

- a) Health Club
- b) Herbalife (Nutrition & Weight Reduction Products)
- c) Tourist Resorts (B2B)

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