

BINDURA UNIVERSITY OF SCIENCE EDUCATION
FACULTY OF COMMERCE
DEPARTMENT OF MARKETING

Nov 2023

CUSTOMER RELATIONSHIP MANAGEMENT

BS 438

PROGRAMME: MARKETING

TIME: 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Answer **Question One (compulsory)** and any other **Three Questions**.
2. Credit will be given for use of appropriate examples.
3. Start each question on a fresh page.
4. No cellphones are allowed into the Examination Room.

QUESTION ONE (COMPULSORY)

CRM and Customer Lifetime Value in the International Banking Industry

In a current banking niche, there's a need to reach and go further the quality of customer experience provided by Facebook, Amazon, Apple or other worldwide companies.

Research shows that there's a strong need to lower the expenses that are spent on the technology used for improving the customer experience. And there's a need to improve this experience.

Additionally banks require efficient tools that will provide them with the customers' insights in real time. According to the data provided by the State of Financial Marketing report, only 20% of banks have such tools by hand. The report further reveals that customized CRM will improve the productivity of work and enable the bank to improve CLTV and gain more profit in an efficient way.

Unfortunately one in five banking executives does not measure CLV. Couple this with the 22 percent who do not measure portfolio or wallet share, and it is easy to see why cross-selling is such a challenge for financial services providers. Unless a banker knows which of a customer's financial needs are being met, it is exceedingly difficult to suggest additional services. A robust

business intelligence system can provide a financial services firm with a 360 degree view of the customer.

Transactions can be consolidated with demographic and psychographic data, revenue and profit measures, as well as with historical customer service incident and queries. With this total picture, the provider can see the customer from multiple perspectives and craft programmes that will satisfy a broader range of client requirement.

Part of this multifaceted view of the customer is the ability to aggregate multiple customer into a household perspective. The benefits of this consolidated view are clear and strong. Multiple financial service can be seen in total, investment opportunities can be tied to life events for cohabiting family members and marketing costs can be driven down by providing a single, comprehensive marketing message.

Exemplary in customer relationship management is Standard Chartered Bank a leading international bank with global operations. London is home to their headquarters and is a key hub their business. As part of the bank's CRM strategy, it undertook customer portfolio analysis to identify which retail segments were most strategically significant. The analysis found that customers within the 25-35 year age group who were professionally employed, who had a mortgage and/or credit-card product were most strategically significant. These were the bank's most profitable customers.

The bank also found that this segment represented the highest potential lifetime value (LTV) for the bank, 12 per cent greater than any other segment. LTV is derived from the bank's estimates of future income from fees, interest and other charges over their lifetime as a customer.

Source: Kravchenko (2019)

With reference to the passage above:

- a) Explain the relationship between Customer Lifetime Value and the 80/20 Pareto Rule. (8)
- b) Apply the **triplets** of relationship marketing to Standard Chartered Banks' most successful segment. (12)
- c) Assess the bank's portfolio using the **four** levels of the CRM value pyramid, indicating how best each segment can be served. (20)

[40 MARKS]

QUESTION TWO

- a. Moments of truth have no significant bearing on customer retention. Comment. (8)
- b. Show how 'service recovery built to L.A.S.T' can be applied when dealing with complaints. (12)

[20 MARKS]

QUESTION THREE

Using a restaurant or fast food chain of your choice. Show how the following R.A.T.E.R dimensions of service quality can be applied in achieving customer satisfaction.

- 1. Reliability (4)
- 2. Assurance (4)
- 3. Tangibles (4)
- 4. Empathy (4)
- 5. Responsiveness (4)

[20 MARKS]

QUESTION FOUR

Explain the **five** factors that are pertinent in closely connecting brands to their customers.

[20 MARKS]

QUESTION FIVE

Discuss any **four** challenges that a marketer may face when implementing loyalty schemes.

[20 MARKS]

QUESTION SIX

Demonstrate how the nexus of **five** forces in Information Technology are a major driver behind Customer Relationship Management.

[20 MARKS]

*** The End***