Customer Relationship Management or CRM has become a marketing “mantra” of businesses over the past decade. This year over eleven billion dollars will be spent on CRM software and systems alone. The adoption and implementation of CRM systems represents a transformation of the firm from product-centric to a more customer-centric focus. The objective of businesses is no longer to just acquire customers and battle competition in making customers switch, but the objective is one of acquisition followed by development and retention, especially of those customers a business deems “best”. Much has been written about CRM from a strategic and operational viewpoint in the popular press and in academic literature.

Beyond the hype surrounding CRM, there has also been widespread disillusionment with the results achieved. Investments of millions of dollars in CRM systems have, in many cases, yielded results of little value. According to Forrester Research’s 2010 CRM report, this disappointment stems from a lack of focus on understanding how to improve the business and utilize the power of CRM systems to increase revenue and cut costs. Managers acknowledge that their main weakness lies in failing to understand how to harness its power, through refined customer analytics and customer strategy, to improve marketing. This course, aims to cut through the hype and get to the crux of the issues that affect a customer-firm relationship and a successful CRM implementation.

This course teaches you the important aspects of CRM often ignored by managers– How does CRM work? How does it accomplish what businesses seek? What is customer lifetime value? How do you calculate it? What happens if customers switch between brands, or buy and then come back a few periods later? What is customer equity and how is it determined? How is the customer database used? What is customer retention and how is it achieved? When should a firm know that a customer is not coming back? What is loyalty, how is it determined and are customers really loyal? The objective of the course is to examine the strategic and analytical aspects of CRM so that students will have a deeper understanding of the power of CRM, and how to put it to work effectively.
Course Objectives

This course emphasizes the importance of customer relationships. It aims to teach the basic principles involved in managing customer relationships. The specific objectives are outlined below:

1. The ideas behind customer equity and its components – brand equity, value equity and relationship equity
2. Different types of marketing channels - direct, indirect, electronic, - and customer touch-points
3. The costs of customers and costs of serving customers in the different channels
4. Identification and Selection of customers (for both consumer and business markets).
5. Economics of CRM: Customer Life Time Value, Customer Life Cycle Analysis
6. Dealing with unprofitable customers and recovering from crises.

This course will discuss the various options for software available in the market place, however we will not cover any of them in detail. Finally, the course aims to enable participants to design a one to one customer relationship-marketing program.

Class Format

Each class is organized in the following way:

1. In class lectures
2. In class discussions
3. Group Case Presentations and Group Case Analysis

Course Material

Text Pak (Required)
Customer Relationship Management Text Pak, consisting of readings included in the lectures.

Course Requirement and Grading

The course requirements and their contribution to the overall grade are as follows:

1. Group Article Presentation 15%
2. Individual Case Write-ups 15%
3. Assignment 15%
4. Quiz 25%
5. Group Project 30% (see below for grade split)
   • Project Presentation 15%
   • Project Written Report 15%
Individual Work

**Individual Case Write-ups**

Each student is expected to write up **two** readings for a grade. Case write-ups should be in the form of an executive summary. The write-ups should highlight the interesting points of the case and must contain some original insight based upon your analysis of the case. This original insight may be supported by including attachments that highlight your analyses. This can form the appendix of the paper. They should be double-spaced; size 12 fonts and the write up **should not exceed** two pages (not including appendices). *ALL case write-ups are due by Class 9.* No exceptions.

**Assignment**

The homework assignment will be based on one of the case readings. The details of the assignment will be discussed during class.

**Quiz:**

There will be one quiz on a date that will be announced in the class. The quiz will be based on the portion covered in class till that date.

**Group Work**

At the beginning of the course students will form groups that work together for the entire period of the course. Please note that all group work will be subject to a peer assessment at the end. Individuals who do not contribute their fair share to the group (as determined by the group) will be penalized.

**Group Article Presentation**

Each group will also present readings that will be discussed in class. The presentation should be no longer than 20 minutes and should provide a good overview of the case to be discussed and a well thought out critique. This will then lead to a review of the insights and criticisms of the case by the whole class. The articles will be assigned to the individual groups around the beginning of the course.

**Group Project**

The project for this course will be to design a Customer Relationship Management Program for a company of your choice. It will be graded based on how well it incorporates the constructs that have been covered in the course. The readings from the course will also prove useful in formulating your ideas and concepts on the topic you intend to study.
The project topics could emerge from:

a. Any CRM-related work that the students could be involved with in their work place.
b. Or they could be projects from local companies involving assessment of their CRM strategies and implementation.
c. Or it could be a firm that you select to examine how CRM could help their case.

In all cases, the analysis should be at the firm/brand level. Typically, projects will involve analysis of the following components: (1) Background and Context: type of industry, products/services, existing channels, competition – what are the changes in technological, competitive and environmental dimensions that call for a CRM strategy, (2) how the firm approached (or should approach) CRM, the specific CRM strategy and how it dovetails with the business model, (3) why they turned (or should turn) to that specific CRM strategy, how appropriate it is, and how it differs from that of a competitor, for example (you could compare and contrast if needed), (4) your final recommendations and/or what the desired and actual outcomes were (will be). This could also touch upon implementation, measurement issues and ROI.

The information needed for the project could come from secondary sources and/or primary sources (for example, you know someone in the firm whom you could interview). While much information is available in the popular press, most of it is played up and superficial. I would urge you to ensure that the written report is devoid of clichés and keep it direct, insightful, and specific to the problem at hand. Please remember to support assertions/claims/recommendations with relevant research.

The group project report should be limited to a maximum of 10 pages (not including attachments and appendices). Finally, each group will also present the findings and analysis from their study in class towards the end of the course. **ALL submissions are due by the last day of class (i.e. the last lecture).** No exceptions

Examples of past topics include:

(i) improving CRM at car dealerships
(ii) setup and implementation of a CRM project at a Sacramento non-profit
(iii) improving reach and co-ordination among suppliers for a food manufacturing firm
(iv) developing a better customer targeting program for a major online beauty products retailer etc.
TextPak Readings and Tentative Schedule:

Students are expected to read the indicated articles and cases before each class.

Class 1
Introduction to CRM & its Fundamentals
Readings:
Rethinking Marketing – Rust, Moorman & Bhalla
Transforming Strategy One Customer at a Time – Harrington & Tjan

Class 2
Developing Customer Intelligence and a CRM Strategy
Readings:
EMC²: Delivering Customer Centricity – Steenburgh & Avery
Bancaja: Developing Customer Intelligence (A) and (B) – Martinez-Jerez & Miller

Class 3
Calculating Customer Lifetime Value
Readings:
Marketing Analysis Toolkit – Steenburgh & Avery
Customer Profitability and Lifetime Value – Elie Ofek

Class 4
Using Customer Lifetime Value to Make Marketing Decisions
Readings:
Rosewood Hotels & Resorts: Branding to Increase Customer Profitability and Lifetime Value – Dev & Stroock
How valuable is Word of Mouth? – Kumar, Petersen & Leone*

Class 5
Using Customer Value in Other Fields
Readings:
Harrah's Entertainment Inc.: Real-Time CRM in a Service Supply Chain – Lee, Whang, Ahsan, Gordon, Faragalla, Jain, Mohsin, Guangyu & Shi*
Netflix, Inc., 2007 – Conroy & Pfeiffer

Class 6
Managing Unprofitable Customers
Readings:
The Right Way to Manage Unprofitable Customers – Mittal, Sarkees & Murshed*
Pandora Radio: Fire Unprofitable Customers? – Shih & Tecco
Class 7
Predicting Churn and Managing It
Readings:
Hubspot: Lower Churn through greater CHI – Martinez-Jerez, Steenburgh, Avery & Brem*

Understanding the Role of Employee Incentives
Terror at the Taj Bombay: Customer-Centric Leadership – Deshpande (DVD)
- Read supplemental article for the above case
  o HBR: The Ordinary Heroes of the Taj – Deshpande and Raina

Class 8
Incorporating New Media
Readings:
Adding Social Media to the Marketing Mix – Armelini & Villanueva*
Sephora Direct: Investing in Social Media, Video and Mobile – Ofek & Wagonfeld*

Class 9 (Tentative Day of the Quiz)
Learning about your customers in Emerging Markets
Readings:
Unilever in India: Hindustan Lever’s Project Shakti – Marketing FMCG to the Rural Consumer – Rangan & Rajan*
Mobile Banking for the Unbanked – Rangan & Lee*

Class 10
Group Project Presentations

*Items marked with an * are available for Group Article Presentations.*