Unit code: MKTG 308
Unit Name: Customer Relationship Management (CRM)

First Semester, 2009

Department of Business
Lecturers: John Turnbull and Ross Smith
Convenor: Lawrence Ang
Year and Semester: 2009 Semester 1

Prerequisites: MKTG202 or MKTG203 or MKTG208 or BBA203 or BBA213 (not to count for credit with BBA303). You MUST pass any one of these units in order to do this course.

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

ABOUT THIS UNIT

- Conventional marketing theory and corporate mission statements lead us to believe that today’s organisations should understand and serve customers well. The reality of our experiences as customers is often quite different; conflicting goals, the interests of stakeholders and even traditional management theory all conspire to ensure that customers are left wondering why they “can’t get no satisfaction” (Mick Jagger, 1965).
- Customer Relationship Management (CRM) has grown in fertile soil over the last two decades. Even though the term was first coined in 1991, organisations still wrestle with CRM programs, and in many cases the returns have not justified the investment.
- In this unit we explore what CRM is really about, and present a proven, managerially-relevant approach to succeeding with CRM programs. CRM normally requires software implementation, but more importantly it involves the alignment of strategy, people, processes and information technology with a strategic focus on customers in order to succeed.
- Key topics include customer strategies, customer value, loyalty, experience, lifecycle management, sales force automation, marketing automation, service automation, customer profitability, benchmarking and program implementation.
- Understanding this unit will help consolidate and apply your learning in Marketing Strategy (MKTG303), Marketing Research (MKTG202) and Consumer Behaviour (MKTG203).
- The project in this unit allows you to conduct some simple research based on your own experience as a customer of various organisations.
- This unit is worth 3 credit points

TEACHING STAFF

- Convenor: Lawrence Ang (Lawrence.ang@mq.edu.au; tel: 9850-9135)
- Lecturer: John Turnbull (john.turnbull@mq.edu.au). John is Managing Director of Customer Connect Australia, an organisation that specialises in CRM programs. John also lectures at MGSM in CRM and Consumer Behaviour, and is conducting PhD research on customer value and experience.
• Lecturer: Ross Smith (ross.smith@mq.edu.au). Ross is Services Director at Customer Connect Australia, and lectures at UTS in Project Management.

John and Ross are both available for consultation on the nights they are lecturing, 30 mins before and 30 mins after each lecture.

### CLASSES

- **Number and length of classes:** 3 hours face-to-face teaching per week
- Each class involves lecture time, and one or more of the following: Guest speakers from industry, videos, case studies (preparation and presentation) and project work.
- The timetable for classes can be found on the University web site at: [http://www.timetables.mq.edu.au/](http://www.timetables.mq.edu.au/)
- Once the groups are formed, students cannot change groups.
- Students have to attend at least 80% of classes (i.e., 10) to get a passing grade. Attendance will be taken in class.
- You must obtain a pass in the final exam in order to obtain a pass or higher in this unit. Students who fail the exam but receive adequate marks in other areas of assessment may be awarded a conceded pass, at the discretion of the lecturers.
- Medical certificates must be provided if you are not able to attend a class without incurring a penalty.

#### Timetable:

<table>
<thead>
<tr>
<th>No</th>
<th>Date</th>
<th>Title</th>
<th>Lecturer</th>
<th>Class Activity</th>
<th>Text Ch.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>24 Feb</td>
<td>CRM overview and models</td>
<td>Turnbull</td>
<td>Project preparation</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>3 Mar</td>
<td>Organisation structures and strategies for CRM</td>
<td>Turnbull</td>
<td>Guest speaker 1 Harley Davidson video</td>
<td>17</td>
</tr>
<tr>
<td>3.</td>
<td>10 Mar</td>
<td>Customer intimacy, segmentation and portfolio management</td>
<td>Turnbull</td>
<td>Guest speaker 2 Class segmentation</td>
<td>4, 5</td>
</tr>
<tr>
<td>4.</td>
<td>17 Mar</td>
<td>Customer value and value propositions</td>
<td>Turnbull</td>
<td>Project / case work Motorola Video</td>
<td>7</td>
</tr>
<tr>
<td>5.</td>
<td>24 Mar</td>
<td>Relationships, satisfaction and loyalty</td>
<td>Turnbull</td>
<td>Guest speaker 3</td>
<td>2</td>
</tr>
<tr>
<td>6.</td>
<td>31 Mar</td>
<td>Customer Experience Management</td>
<td>Turnbull</td>
<td>Project check point</td>
<td>6</td>
</tr>
<tr>
<td>7.</td>
<td>7 Apr</td>
<td>Customer lifecycle mgmt (CLM) - acquisition</td>
<td>Smith</td>
<td>Project / case work</td>
<td>8</td>
</tr>
<tr>
<td>8.</td>
<td>28 Apr</td>
<td>CLM - retention and development</td>
<td>Smith</td>
<td>Case preparation</td>
<td>9</td>
</tr>
<tr>
<td>9.</td>
<td>5 May</td>
<td>Information technology, multi-channel and marketing</td>
<td>Smith</td>
<td>Case presentations groups 1 and 2</td>
<td>13, 15</td>
</tr>
<tr>
<td>10.</td>
<td>12 May</td>
<td>Sales and service automation</td>
<td>Smith</td>
<td>Case presentations groups 3 and 4</td>
<td>14, 16</td>
</tr>
<tr>
<td>11.</td>
<td>19 May</td>
<td>Cost to Serve, customer profitability and lifetime value</td>
<td>Smith</td>
<td>Case presentations groups 5 and 6</td>
<td>6</td>
</tr>
<tr>
<td>12.</td>
<td>26 May</td>
<td>CRM benchmarking, planning, implementation and measurement</td>
<td>Smith</td>
<td>Case presentations groups 7 and 8</td>
<td>9</td>
</tr>
<tr>
<td>13.</td>
<td>2 Jun</td>
<td>Revision and preparation for exam</td>
<td>Smith &amp; Turnbull</td>
<td>Preparation for exam</td>
<td></td>
</tr>
</tbody>
</table>
Prescribed Text – Required Reading

Other Readings and Sources
Magazines/Journals
You'll find the following magazines and journals particularly helpful.
- Harvard Business Review
- Management Today
- Customer Relationship Management

Online communities and knowledge bases
http://www.mycustomer.com
http://www.customerthink.com
http://www.crm2day.com
http://www.intelligententerprise.com
http://www.gccrm.com
http://www.knowledgestorm.com
http://www.contactcenterworld.com
http://www.customerservicemanager.com
http://www.crmdirectory.com
http://crm.tmcnet.com
http://www.online-crm.com
http://searchcrm.techtarget.com/

Analyst websites
http://www.forrester.com/rb/cxp
http://www.gartner.com/Init

All aspects of the prescribed textbook will be EXAMINABLE.
All lecture notes will be EXAMINABLE.
All readings will be EXAMINABLE
Part of these notes will be provided as PowerPoint slides on the class website.
Students must attend the lectures to get the full version of the unit content.

UNIT WEB PAGE
The web page for this unit can be found at: Blackboard https://learn.mq.edu.au

LEARNING OBJECTIVES AND OUTCOMES
The learning outcomes of this unit are as follows:
- Students will be able to communicate with others in a knowledgeable way concerning Customer Relationship Management.
- Students will understand the misconceptions and challenges associated with CRM and its implementation in organisations.
Students will be in a position to participate in and contribute to successful CRM initiatives in organisations.

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop students’ generic skills in a range of areas. One of the aims of this unit is that students develop their skills in the following:

- Self-awareness and interpersonal skills;
- Communication skills;
- Critical analysis skills;
- Problem-solving skills;
- Creative thinking skills.

**Teaching and Learning Strategy**

- The unit is taught by lectures, workshops, guest speakers, case studies and class discussions.
- A mini research project will provide students with the opportunity to study customer relationship management, and specifically the customer experience, first hand.
- Two lecturers will be involved in teaching the unit, to give a broad perspective of real world experience combined with academic grounding in specialised areas.
- What is expected from students? Read widely; follow current developments in the market place; be able to apply the lessons of the lectures (reflected in the lecture notes); respond to questions raised during lectures; demonstrate enthusiasm for the subject; challenge the lecturer’s assumptions during lectures and explore opposing points of view.

**Lectures Etiquette**

Students must arrive at lectures on time, certainly not later than five minutes past the first hour, and not to depart until the session ends. If you have a recurring problem that makes you late, or forces you to leave early, please discuss this with your lecturer.

**Mobiles must be turned OFF during lectures, not simply set to “silent”.**
All laptops must be turned OFF in class.

**Relationship Between Assessment and Learning Outcomes**

The assessment of the course has 3 components:

<table>
<thead>
<tr>
<th>Case study (group)</th>
<th>20%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Each group will review and present their recommendations on a case study related to CRM.</td>
</tr>
</tbody>
</table>
Each group will study around 20 customer experience episodes including face-to-face, telephone and web.

Students will collect data relating to their customer experiences, analyse this data as a group, and present a report on the findings that relate to CRM and CEM.

The duration of the exam is 3 hours, closed book.

Please check the exam timetable for location and time.

Further details of each component are as follows:

**CASE STUDY (group activity, 20% in total, comprising 15% for report and 5% for presentation)**

Each group will be allocated one of the four cases. Case method involves

1. Reviewing the case from several perspectives
2. Defining the problem(s)
3. Formulating alternative courses of action
4. Analysing and comparing alternatives
5. Recommending a solution

The results of your case analysis are to be submitted in the form of a written report, no longer than 5 A4 pages 12 point 1.5 spaced, and a short (20 min) presentation to the class followed by open discussion.

The four cases are:

- Henkel (Reinartz and Pipponzi 2006)
- Orange (Ryals and Knox 2001)
- Organon (Angelmar 2005)
- Fedex (Verma 2006)

Case allocations are as follows:

<table>
<thead>
<tr>
<th>Group</th>
<th>Case</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Henkel – from category management to CRM</td>
</tr>
<tr>
<td>2</td>
<td>1</td>
<td>Henkel – from category management to CRM</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>A fruitful passion for Orange</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>A fruitful passion for Orange</td>
</tr>
<tr>
<td>5</td>
<td>3</td>
<td>CRM at Organon France</td>
</tr>
<tr>
<td>6</td>
<td>3</td>
<td>CRM at Organon France</td>
</tr>
<tr>
<td>7</td>
<td>4</td>
<td>Fedex – continuing CRM innovations</td>
</tr>
<tr>
<td>8</td>
<td>4</td>
<td>Fedex – continuing CRM innovations</td>
</tr>
</tbody>
</table>

Presentations will be assessed on factors such as

- Ability to attract and sustain attention
- Clarity
- ‘Homing in’ on critical issue of the case
- Presentation of evidence to support argument
Generation of new insights
Quality of response to class questions
Time keeping

Not all group members have to present, but they are expected to ‘pull their weight’ in making the presentation and report successful. This includes turning up for meetings, research, providing new ideas, putting the power-points and report together, and so forth. The default position is for all marks to be allocated equally to all members.

A peer assessment form is provided below, to allow group feedback in the event that one or more members do not contribute adequately to the group activities. This form may be completed and submitted at the discretion of individual group members.

Case references:
# PEER ASSESSMENT FORM

Name: 

Group Number: 

Assessable Work (Project, Case Study) 

<table>
<thead>
<tr>
<th>Name</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Instructions:**

1. Give all members of your syndicate including yourself, an allocation between 1 and 10.

2. Allocations:

   - 0 = Never or hardly turned up. Didn’t contribute.
   - 5 = Average performer - did what was required no more, no less
   - 10 = Brilliant, natural leader, had all the answers, worked above and beyond the call of duty.

3. Your allocation can be based on each member’s contribution to group activities.

4. If needed, please submit this form before week 13.
The purpose of this project is to study the experiences that you, as customers, have across several market sectors and channel categories.

You will be the customer in these episodes.

Market Sectors
1. Media; e.g newspapers / magazines
2. Home entertainment; e.g music / DVDs
3. On-premise entertainment; e.g movies / theatre
4. Airlines
5. Public transport
6. Retail banking
7. Personal services; e.g hairdressing / massage / wellbeing
8. Government services; e.g tax department / social security
9. Hospitality; e.g hotels / restaurants
10. Telecommunications; e.g mobile phones / broadband
11. Not-for-profit / charities

Channel categories:
1. Face-to-face (technology-free)
2. Telephone (technology-mediated)
3. Web (self-service)

Episode categories:
1. Pre-consumption
2. Consumption
3. Post-consumption

Research Questions (RQ):

RQ1: How do people react to a customer experience; thoughts, feelings, behaviours?
RQ2: What causes different types of experiences?
RQ3: What are the post-experience outcomes?

Method:
Each group will study approximately twenty customer experiences; four or more experiences per group member.

Experiences may be recalled from the last six months, or may take place during the course of the semester

It is important that group members initially record each episode without reference to other group members, in order to ensure the validity of results.

Pre-consumption episodes may include (but not be limited to) price and product inquiries, discussions with sales people, purchase transactions, obtaining quotes, placing orders, and commencing membership.
Consumption episodes may include (but not be limited to) using or receiving a service, consuming or using a purchased product, attending or participating in a purchased experience or event.

Post-consumption episodes may include (but not be limited to) registration / warranties, lodging complaints, seeking service information, returns, cancellations and deliveries.

Each episode will be assessed by students in terms of the customer experience. Critical Incident Technique (CIT) will be used; this is a qualitative method of research that is particularly suited to customer experiences (Gremler 2004; Johnson and Gustafsson 2000). It provides a method for evaluating narratives and descriptions known as content analysis, as well as a degree of quantitative analysis.

Data collection sheets and details of the CIT method will be provided in class. In general, the approach is as follows:

1. Record a given experience using a written description of what happened, how you felt at the time, what led up to the experience, and any outcomes or conclusions from the experience once it was finished.

2. Swap data collection sheets with others in your group, once all group members have finished recording experiences. Analyse the content of another person’s experience descriptions; highlight key words - strong emotions and reactions, significant causes and important outcomes.
   a. Example of a cause: “I was in a bad mood to start with...”
   b. Experience of a strong reaction: “I felt really angry...”
   c. Example of an outcome: “I will never go there again!...”

   Note that causes are in place before the experience takes place, reactions occur during the experience and outcomes take place once the experience is finished.

3. Review all twenty experiences as a group, and pool similar experiences based on the type of experience (eg, this was essentially a “frustrating” experience, or a “surprisingly pleasant” experience, etc – try to avoid just “good” and “bad”).

4. Look for patterns; for example are there any common causes for negative experiences? Are there any common outcomes from pleasant experiences?

5. Perform quantitative analysis; what percentage of experiences fall into each category? How often is a given cause, reaction or outcome described in each category? What is the ratio of positive to negative experiences for a given sector?

6. Write up a report of your findings.

It is understood that there will not be sufficient episodes in a given group to lead to any statistically valid conclusion; the point of the project is to provide students with a means of researching the customer experience, and to develop insights by group members as to the causes, reactions and outcomes of customer experiences, rather than statistical validity.

The customer experience descriptions that you write up provide valuable information that Macquarie University may wish to use in subsequent research into the customer experience. If you would not like your descriptions to be used in subsequent research you may indicate this on the data collection sheet by writing “not to be used in subsequent research”. In the event that your descriptions are used in subsequent research, your identity will of course remain confidential.
Project Report
Groups will submit a written report, in the following form:

Executive Summary
One-page or less, summary of the project, including your most important findings / recommendations / conclusions.

Background
A description of the research, including overview of episodes studied

Analysis
Analysis of the experiences, guided by the research questions
RQ1: How do people react to a customer experience; thoughts, feelings, behaviours?
RQ2: What causes different types of experiences?
RQ3: What are the post-experience outcomes?
Your analysis should include qualitative and quantitative techniques.

Qualitative: Descriptions of common themes, connections, relationships, and patterns in the descriptions of customer experiences. Provide quotations to support your case.

Quantitative: Graphs and tables describing how often key words arise, in what circumstances.

Findings
Findings as to how customers perceive and react to experiences, what causes certain types of experiences, and potential outcomes of different types of experiences.
Findings concerning the relevance of the research questions and CIT method.

Recommendations
If this work had been commissioned by an organisation to improve the customer experience, what would your recommendations be to that organisation?

Conclusion
Your conclusions relating to the research questions and the implications for organisations

Bibliography

Appendices
- Summary table of customer experiences
- Data collection sheets (handwritten or typed)

The report should be no longer than 20 x 1½ spaced 12 point typed pages, excluding appendices. It should include standard elements such as references. A hard copy should be handed in at Macquarie and a soft copy of the report should be emailed by the due date. The due date is 30th April 2009. Late assignments will be penalised depending on circumstances.
FINAL EXAMINATION – 50%

The format of the exam will be closed book, 3 hour duration. It will include two sections:

• In section 1 you will be required to answer three out of five short essay questions.
• In section 2 you will answer two questions on an article or case study that will be provided in advance.

The exam must be passed in order to pass the unit. Students who do not pass the exam, but achieve sufficient marks in other areas to exceed 50%, may receive a conceded pass. Sample exam questions will be provided in class.

PLAGIARISM

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own." Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found in the Handbook of Undergraduate Studies or on the web at: http://www.student.mq.edu.au/plagiarism/

The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

DETERMINATION OF OVERALL GRADE

Please refer to pages 43 and 91 of the 2009 Handbook of Undergraduate Studies.

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at http://www.student.mq.edu.au