

**EASTERN UNIVERSITY, SRI LANKA**  
**FACULTY OF COMMERCE & MANAGEMENT**

**Final Year First Semester Examination in Bachelor of Business Administration**  
**(Specialization in Marketing Management) -2018/2019 (Proper/Repeat)-August 2020**

**MKT 4033- Management of Customer Service**

**Answer all questions**

**Time: 03 Hours.**

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Q1. Read the following case study and answer the questions given below.

**Customer Relationship Management (CRM) in Tesco**

Tesco, then the U.K.'s second-largest grocer by a large margin, first teamed up with Mr. Andrew Paul in the mid 1990's. Tesco had decided to implement a loyalty program, and had first settled on running it themselves in three stores. Unimpressive results followed, and Andrew was asked to join them in their efforts. The test and learn approach was used in 12 stores, and the Tesco Club Card program was born. To help Tesco compete in the marketplace, Andrew proposed a throwback to 40 years prior, one that would focus on some of the same strategies of the corner grocers of England's past. The two companies decided to work together to create a modern "corner store" by using the individual customer as their focus.

To do this, the definition of customer loyalty was turned on its head. "It is important to note," said Steve to the audience, "that there is no longer any average customer." Consumer insight has changed ways of thinking— both about the customer and about the business. Tesco's Chairman Sir Terry Leahy placed this mission statement in the center of one of the company's annual reports: "Continually increasing value for customers to earn their lifetime loyalty." And that is exactly what they did.

Tesco's Club card program boasts 10 million active households and captures 85% of weekly sales. It is also a symbol of Tesco's commitment to their customers as individuals: multidimensional customer segmentation and tailored communications— as of last June, four million unique quarterly mailings— prove to Tesco's customers that they can count on their "local grocer" to know them. Mailings are tailored to the needs, interests, and potential interests of Club Card members. Customers are segmented into cost conscious, mid-market, and up-market segments, which are in turn segmented into healthy, gourmet, convenient, family living, and so on. These sub segments are then segmented further and communications are tailored to each.

Impressively, Club Card coupon redemption is in the 20%-40% range and cost per redemption has decreased since the inception of the Club Card Program. By targeting in such a relevant way, treating customers according to their individual behaviors, needs, and desires, Tesco can understand that a higher-value coupon is not needed when you've reached the right person in the right way with a tailored message. In the five year period following the implementation of the Club Card program, sales have increased by 52% and still grow at a rate higher than the industry average. Store openings and expansions have increased Tesco's floor space by 150%.

So how did Tesco do it? How did they go from distant second to the undisputed leading grocery chain in the U.K.? As Steve explained to the audience, Tesco focused on the individual. To get loyal customers, customers must be at the center of your CRM strategy (as well as the focus of the business itself). It's not the technology, not customer profitability, not loyalty programs or cards; it's the customers themselves— as individuals— that should truly be at the center of that you do.

"The fact is," began Steve, "that CRM is difficult to define. Steve pointed out to the audience that often, U.S. based businesses focus their CRM programs too heavily on the communication the "how and what do I communicate" portion of their CRM strategy. Instead, Steve proposed that more time be spent using CRM towards strategic business decisions. While communication or "who-what-how-when" strategy is undoubtedly a very important component, Steve suggests companies "make sure they spend as much time thinking about the business decisions that should come out of CRM as they do about the communication and message themselves."

Once a loyalty program is established, a company can move from old performance reporting to building a basic customer language to using the language to gain a detailed customer understanding. If CRM is approached correctly and applied effectively, marketing spend can often be reduced— an outcome the entire organization can benefit from and appreciate. At Tesco, the media effectiveness of the Club Card Program has allowed them to save money on promotions and increase sales at the same time.

Tesco's Tech Support division which helps customers with any questions they may have while buying technology products online or from a Tesco store, has selected Right Now's on-demand customer relationship management (CRM) solution to enable the retailer to give consistent responses to customers and to log customer interactions via phone, email and chat, giving them a 360-degree view of the customer. "Right Now will also provide customers and in-store customer service employees with the opportunity to self-serve via Tesco Direct, Tesco's online catalog in order to find intuitive answers to their questions. "Across all of its divisions, Tesco strives to offer great quality, range, price and service. Its customer care goal is to create value for customers to earn their lifetime loyalty," said Brown.

According to Brown, once deployed, Right Now will support Tesco Tech Support's customer care goal by giving them a single view of its customers enabling them to understand exactly why their customers contact them, helping them to respond accordingly. As a result, Right Now will support a multi-channel approach to superb customer experiences."

Brown said customer care was central to everything Tesco did and, "while a business of our size might want to cut down on calls and emails from customers; our aim is quite the opposite. We want our customers to get the support that they need at the time that they want it, and how they want it; for that, we feel Right Now is the partner of choice and supports our aim to ensure every customer has a superb experience with us, will recommend us to friends and ultimately purchase from us again."

**Required :**

- a. Explain the customer service efforts undertaken by Tesco to the club card scheme's launch.  
(06 marks)
  - b. Essentially the goal of CRM is to increase the lifetime value of a company's relationship with target customers. Explain how the Tesco CRM achieved this goal.  
(08 marks)
  - c. What measures did Tesco adopt to support its CRM strategy?  
(05 marks)
  - d. Examine how the information gathered through CRM tools can be used to modify Marketing Strategies.  
(09 marks)
- (Total 28 marks)
- Q.2. 'Great customer service is a mindset. It is a way of thinking, prioritizing, and planning about customer in an organization'.
- a. What is customer service? Explain why it is important in the present competitive market.  
(07 marks)
  - b. Describe customer-service strategies that are used for real value in the virtual world.  
(07 marks)
  - c. Explain the three basic elements of service excellence.  
(06 marks)
- (Total 20 marks)

**Q. 3.** 'Customer service management is the supply chain management process that represents the firm's face to the customer'.

a. Explain the different process of supply chain management.

(07 marks)

b. What is Total Quality Management? Explain how it contributes to keep the customers in Automobile Industry.

(09 marks)

(Total 16 marks)

**Q. 4.** 'The objectives of CRM is to improve customer service relationships and assist in customer retention'.

a. What is CRM? Explain the importance of CRM in service marketing.

(05 marks)

b. Describe the different components of CRM with suitable examples.

(07 marks)

c. 'The success of marketing in service sector depends on how a marketer solve the problem of Intangible nature of services'. Discuss this statement related to customer services offered by the Banking Sector in Sri Lanka.

(08 marks)

(Total 20 marks)

**Q. 5.** 'Dealing with customer's complaints sensitively and efficiently is important to organization. However, handling customer's complaint is not easy task'.

a. Why should deal with customer complaints? Explain the seven stages of customer complaint handling with examples.

(08 marks)

b. Briefly explain the five timeless techniques which could be used to turn the service excellence into sale success.

(08 marks)

(Total 16 marks)