

MKT 6xx—Customer Relationship Management Strategies

Background and Format

Customer Relationship Management (CRM) is one of three core marketing processes—supply chain management, product development and management, and customer relationship management (Srivastava et al., *Journal of Marketing*, 1999). In spite of the importance of CRM, however, there is no text geared to classroom teaching of the subject. This course will be based on early chapters and reference material for a text to be published by McGraw-Hill in 2007 by Raymond R. Liu and Mary Lou Roberts. We define CRM as

Customer Relationship Management (CRM) is an ongoing process of developing relationships by identifying customer needs and delivering superior customer value and satisfaction while achieving the organizational goal of maximum return on customer investment. CRM uses customer data, information technology, and analytical tools to create strong relationships with individual customers. CRM requires an organization-wide commitment to development and execution of marketing strategies that build and strengthen customer relationships.

This importance of the CRM sub-discipline burst onto the consciousness of marketing practitioners with the publication of Frederick Reichheld's *The Loyalty Effect* in 1996. The stream of trade books continues unabated. A recent search at Amazon.com revealed 2,907 books on the subject of CRM. A cursory examination reveals none that could be considered a textbook, but many contain useful concepts and accounts of experiences in implementing CRM strategies.

A British firm estimated the global market for CRM, including both software and services, at \$8.8 billion in 2003 even though the year could be described as “disastrous for many IT companies, as investment by end users has been seriously curtailed. CRM companies have been particularly affected by a backlash from over-investment in 1999-2001 and a well-hyped concern about the Return-on-Investment that CRM provides. Paradoxically, over these two years, consumer demand for better customer service has never been stronger or more vocal and the fact that many companies fall short of the required standard is well documented.” (www.Hewson.co.uk)

Numerous market surveys over the past few years suggest that one half to just over three-quarters of companies who invested in CRM found that it yielded disappointing results. Despite the overall dissatisfaction, companies are still investing in CRM with growth projections ranging from 8.9% annually through 2008 to 11.5% through 2007 to (Morphy, 2004 and Harding, Cheifetz, Scott, and Ziegler, 2003:1).

The cost of implementing CRM programs is extremely high. Industry expert Arthur Middleton Hughes estimates that the annual cost of a CRM program that includes an enterprise data warehouse is \$9.5 million (www.dbmarketing.com). CIO magazine surveyed more than 1,600 IT professionals in 2001 and found that about half had implemented CRM projects for less than \$500,000. It also showed “a handful of respondents” who had CRM budgets of over \$10 million. (www.cio.com/research/crm) Accenture, the integration services supplier for UMass Boston’s Enterprise Resource Planning initiative, acknowledges that many firms have not been satisfied with the ROI from their CRM initiatives. They suggest, however, that a good solution can increase revenues by as much as 20% while decreasing costs by as much as 30%. (“The Accenture Customer Contact Transformation Solution,”2003, www.accenture.com).

Both the opportunities and risks inherent in the adoption of a CRM strategy provide ample reason for rigorous and detailed study of the subject. This course will approach CRM from a strategy and implementation standpoint. It’s sister course, MKT 676 Computer Assisted Marketing Analysis and Planning, does an excellent job of covering analytics that are essential to CRM strategy planning and execution.

The course will consist of assigned readings, classroom presentations, a limited number of cases, and in-and out-of class exercises that provide practical experience in tools and techniques that are essential to successful development and execution of CRM strategies.

Content and Skills Objectives

The specific objectives of this course are to:

1. Provide a solid grounding in concepts and frameworks that underlie the formulation of CRM strategies.
2. Develop an understanding of implementation issues as experienced by firms in a variety of industry sectors.
3. Obtain experience with some of the tools and techniques necessary to the functioning of a CRM system.
4. Provide an opportunity to develop a CRM plan, or module of, for an organization of your choice.

Course Evaluation:

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| Course blog | 10% |
| 3 Exercises | 60% |
| CRM Project | 20% |
| Class Participation | <u>10%</u> |
| | 100% |

Schedule of Assignments

(Exact assignments will depend on how many draft chapters of the text are available. Draft chapters will be supplemented by CRM resources available on the Web and the Healy Library Databases.)

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| Week 1 | CRM Processes and Frameworks Project: Your CRM blog |
| Week2 | Organizational Issues in CRM Planning and Implementation |
| Week 3 | Identification of Customer Needs Exercise: Persona and Scenario Development |
| Week 4 | CRM Strategy Development |
| Week 5 | CRM Strategy Implementation Exercise: Developing In-Market Tests based on Experimental Design Principles |
| Week 6 | Metrics for CRM Success Exercise: Developing and Monitoring an Email Marketing Program |
| Week 7 | Presentation of Student CRM Project |

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