Overview

Today, firms want to build profitable customer relationships using strategies and tactics that fall under the broad domain of customer relationship management (CRM). Some view CRM as merely repackaged marketing concepts of the past (Boulding et al. 2005). However, savvy business leaders know better. They understand the need to develop and execute customer-centric strategies in order to remain competitive in a technology-enabled, interactive business environment. In fact, CRM “has become a requisite fixture at many companies around the world…[and many] have created chief customer officers, chief relationship officers, directors of customer experience…and even customer value officers” to lead CRM efforts (Rogers 2005). Yet, CRM remains a complex management issue. There is no single measure of performance (e.g. customer satisfaction, customer retention, profits) and no general explanation of the variance in actual outcomes experienced by firms that execute CRM (Rigby and Ledingham 2004; Reinartz et al. 2004; Boulding et al. 2005). Over the past few years, firms have begun to experience success with CRM initiatives, by adapting strategies and tactics to align with a plethora of industry-, customer- and firm-specific factors (Palmatier et al. 2006; Rigby and Ledingham).

Course Design

In this course, we take a marketing manager’s perspective when assessing the potential impact of CRM and addressing implementation issues. Because CRM requires cross-functional coordination and integrated technologies, successful implementation expands the role and impact of the marketing manager, especially how the marketing manager interacts with other members of the organization (Boulding et al. 2005). Thus, it is imperative that future marketing managers understand the nature of changes associated with CRM.

Three perspectives of CRM serve as a foundation for concepts discussed in this course: (1) CRM as a strategy that prioritizes the allocation of resources toward serving customers profitably, (2) CRM as an intelligence-gathering process focused on collecting, storing and analyzing customer data to help firms assess and grow profitability and (3) CRM as a technology (or set of technologies) used to enhance a variety of business processes that require customer information to support analysis and interaction. Thus, the content of this course is focused on strategic and operational issues facing organizations that choose to execute a CRM strategy, while also providing an understanding of the important role of information in executing CRM effectively.
Teaching Methods and Learning Objectives

Consistent with the objectives of the MBA curriculum at Mendoza College of Business, this course will enable you to take an interdisciplinary approach to problem-solving. Each week, you will learn about a key component of CRM, based on major frameworks that have been developed and tested by leading academic experts and business managers. Every week, you will be challenged to apply these frameworks by conducting in-depth case analyses and analysis of CRM data.

Upon completion of this module, you should be able to:

1. Understand the strategic importance of customer relationship management and how it fits into the firm as a whole.
2. To build your knowledge of a rapidly emerging marketing arena - customer-centric marketing - which some claim is the beginning of a new business paradigm.
3. To emphasize how CRM can help accomplish strategic marketing initiatives and improve firm profitability.
4. Explain the importance of the customer lifetime value metric and know how to use it to evaluate the likely long-term results of a marketing campaign.

The course provides the background necessary for analyzing a firm’s CRM programs.

Required Materials and Lectures Notes

All my lecture notes and reading materials will be available on Sakai. You should plan on checking this site regularly for announcements and updates. In addition, there are several Harvard cases and articles that we will be analyzing and reading in this course. The Harvard cases can be purchased directly from HBSP website.

Attendance

Attendance can impact your grade in the course, as your individual participation grade will be adjusted downward for each absence in excess of one class session. Vacations, extended holiday travel, Spring Break travel, travel related to other courses or personal activities, commitments to other professors/courses, etc. do not release a student from the consequences of the attendance policies set forth in this syllabus, unless expressly agreed to by Professor Ganesan, in advance.

Policy Regarding Assignments Not Received When Due

Late assignments will not be accepted. If an assignment is not turned in on time, as per the course syllabus, the student will receive zero points for that assignment.

Additional Reading


Grading

At any point during the module, if you are unclear about the professor’s assessment of your performance you should schedule a meeting with the professor on or before the first class session of Week 5 (2/10/2014). During such a meeting, the professor will provide you with an informal and preliminary assessment of your performance, to date, in the course. The following reflects the grading-point allocation for assigned coursework:
Basis for Final Grade

Your course grade will be determined by the following:

<table>
<thead>
<tr>
<th>Component</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Take-home Individual Final exam</td>
<td>275 points</td>
</tr>
<tr>
<td>Individual Assignments (3 @ 75)</td>
<td>225 points</td>
</tr>
<tr>
<td>Group Case Assignments &amp; Case write-ups (4 @ 100)</td>
<td>400 points</td>
</tr>
<tr>
<td>Class participation &amp; attendance</td>
<td>100 points</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>1000 points</strong></td>
</tr>
</tbody>
</table>

Final Course Grade Calculations

Your final grade will be calculated based on the total number of points that you accumulate, based on the following scale, after any adjustments based on your Individual Contribution Index, as described below:

<table>
<thead>
<tr>
<th>Total Points Accumulated</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>940-1000</td>
<td>A</td>
</tr>
<tr>
<td>900-939</td>
<td>A-</td>
</tr>
<tr>
<td>870-899</td>
<td>B+</td>
</tr>
<tr>
<td>840-869</td>
<td>B</td>
</tr>
<tr>
<td>800-839</td>
<td>B-</td>
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<tr>
<td>770-799</td>
<td>C+</td>
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<tr>
<td>740-769</td>
<td>C</td>
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<tr>
<td>700-739</td>
<td>C-</td>
</tr>
<tr>
<td>600-699</td>
<td>D</td>
</tr>
<tr>
<td>Below 600</td>
<td>F</td>
</tr>
</tbody>
</table>

Impact of Peer-Evaluations on Grades for Group Assignments

The following process will be used to obtain peer evaluations that could lead to an adjustment in the points allocated to you, as an individual, based on the points earned by your group on graded assignments:

1. Each member of your group will be asked to rate the contribution of other members of the group on a scale ranging from 0 – 100. This rating is called a Peer Contribution Score. The Peer Contribution Score reflects a peer’s evaluation of a group member’s contribution to group assignments. Please note the following constraints regarding your assignment of Peer Contribution Scores:
   - You cannot rate yourself or assign a Peer Contribution Score to yourself. You can only assign a score to your team members.
   - The Peer Contribution Score should reflect, holistically, a group member’s performance on all group assignments, as demonstrated during the module (e.g. case work).
   - The average (i.e. the arithmetic mean) of your final assignment of Peer Contribution Scores, across all of the scores allocated to your team members, must equal 92. If you feel that each team member made equal contributions then give each team member a peer contribution score of 92. If the average of your final assignment of Peer Contribution Scores, across all of the scores allocated to your team members, does NOT equal 92, for any reason, then the professor will assume that you intended for each team member to receive a score of 92 (i.e. you will not be informed of any arithmetic errors in your assignment of scores).
   - Providing a Peer Contribution score for each of your team members is a requirement of the course and is not optional. If you do not provide Peer Contribution Scores to the
professor by the due date/time, then you will be assigned zero points for all group assignments.

2. The professor will determine whether the points allocated to you, as an individual, will be adjusted to reflect your contribution to group assignments during the module, based on the following process:

- You will be assigned an Average Peer Contribution Score. The Average Peer Contribution Score represents the average (i.e. the arithmetic mean) of a student's peer contribution scores, as provided by the student's group members.
- The Average Peer Contribution Score will be used to compute your Individual Contribution Index. The Individual Contribution Index is equal to your Average Peer Contribution Score divided by 92.
  - If your Individual Contribution Index is 1.0, then there will be no change in your individual points allocated, based on group work. For example, if your Average Peer Contribution Score is 92, then your Individual Contribution Index would be 1.0 (or 92 divided by 92).
  - If your Individual Contribution Index is above 1.0, then there will be no change in your individual points allocated, based on group work. However, you will receive the following number of bonus points to your participation grade, based on the following calculation:
    \[(\text{Individual Contribution Index} - 1.0) \times 60\]
  - If your Individual Contribution Index is below 1.0, then your individual points allocated, based on group work, will be adjusted downward. For example, if your Average Peer Contribution Score is 88, then your Individual Contribution Index would be .96 (or 88 divided by 92), and you would receive only 96% of the points granted on each group assignment (e.g. cases)

Group Case Assignments

Group Member Selection and Grading

Initially, students will be allowed to self-aggregate into groups of approximately 5 (give or take 1 member). However, given course registration changes that often occur during the first weeks of the module (i.e. drops/adds), in order to ensure that each group is of sufficient size, the professor might change your group's composition to ensure equitable membership, across all groups. The grade administered for group case assignments will be a group grade, subject to adjustments, on an individual basis, based on a student’s Individual Contribution Index (see the sub-section entitled, “Impact of Peer-Evaluations on Grades for Group Assignments” above, for a description of potential adjustments to your grade, based on peer assessments).

General Guidelines

Responses to case assignments should be presented in a written report (approximate length of each response will be communicated as part of the instructions given with each case. You should provide the professor with a complete hardcopy of the document, bound with a staple (include all necessary attachments), at the beginning of the class session that corresponds with the due date for the case. Please use the following additional guidelines regarding tables and exhibits that might accompany the document:

1. Reference all exhibits in the body of the write-up.
2. Be selective, insightful and informative in your selection of tables and other exhibits. Do not include irrelevant data. If you don’t discuss it, or it doesn’t help to make your point, then don’t include it.
3. Clearly label all charts, figures etc. (this includes labels for axes).
4. Indicate the source of data, whenever it is appropriate.

Each team member should bring a copy of the document to support his or her individual participation during the discussion of the case.

Group case analysis
You are required to submit a written analysis for four cases. I will provide the list of questions that need to be answered. The write-up should not exceed 5 pages excluding Tables, Figures, and Appendices etc.

Individual Assignments

There are 3 individual assignments. Specific questions that should be answered in your write-ups can be found on the 'Assignment' part of Sakai. Write-ups are due at the beginning of class – though you should keep a copy to refer to during class discussion. Also, I cannot accept any email assignments unless explicitly arranged with me.

Class participation

The quality of this course is heavily dependent on thorough preparation, high attendance, and spirited participation. Participation grades will take account of not only the quality and regularity of your comments but also your attendance, punctuality, and preparation. Persistent low preparation and poor participation may jeopardize your chances of passing the course. Effective participation requires daily preparation. During class discussion, the focus is less on “right” or “wrong” answers than on thoughtful contribution that moves our analysis and understanding forward. You are encouraged to write out your analysis and bring it to class. You can use your notes for class discussion. The grade that you earn for participation will be based upon the professor’s informed opinion of the quality of your participation when you are called upon at the professor's discretion and/or when you voluntarily participate. Although your actual participation points will not be allocated until final grades are submitted for the module, I welcome and strongly urge you to schedule a meeting to occur with the professor on or before the first class day of Week 4 (2/10/2014) in order to obtain informal, verbal feedback regarding the professor’s assessment of your participation, to date, in the course. Since participation while absent is impossible, your participation grade will suffer a deduction for each missed class session.

Academic Integrity Policy:

Students are expected to comply with the Academic Code of Honor of University of Notre Dame, including the student pledge espousing academic integrity: “As a member of the Notre Dame community, I will not participate in or tolerate academic dishonesty.” If there is ANY confusion regarding the instructions for ANY assignment for this course, please consult the professor directly and immediately.

Classroom Etiquette

The classroom should have a professional environment. You are expected arrive on time, limit sidebar conversations, and be courteous and respectful when you disagree with others. If your behavior is not consistent with such standards of etiquette, in the opinion of the professor, the professor will ask you to leave the classroom or have you removed from the classroom.
## Schedule Overview

<table>
<thead>
<tr>
<th>Session Number</th>
<th>Date</th>
<th>Topic</th>
</tr>
</thead>
</table>
| 1              | 01/13  | Introduction to CRM and Relationship Marketing  
*Case: Starbucks: Delivering customer service*  |
| 2              | 01/15  | CRM Strategy and Implementation  
*Case: EMC2: Delivering customer-centricity*  |
| 3              | 01/20  | Customer profitability and Customer lifetime value  |
| 4              | 01/22  | Managing customer profitability and CLTV  
*Case: HubSpot: Inbound Marketing and Web 2.0*  (Group case assignment #1)  |
| 5              | 01/27  | Linking Customer Equity to shareholder value  
(Individual assignment #1 due)  |
| 6              | 01/29  | Customer Equity and Shareholder Value  
*Case: Netflix: The customer strikes back*  (Group case assignment #2)  |
| 7              | 02/03  | Designing a loyalty program  
(Individual assignment #2 due)  |
| 8              | 02/05  | Customer loyalty  
*Case: Cabo San Viejo: Rewarding Loyalty*  (Group case assignment #3)  |
| 9              | 02/10  | Linking investments in branding to customer profitability  
(Individual assignment #3 due)  |
| 10             | 02/12  | Branding and customer profitability  
*Case: Hilton Hotels: Brand Differentiation through Customer Relationship Management*  |
| 11             | 02/17  | Managing multi-channel shoppers  |
| 12             | 02/19  | Customer-centric innovation  
*Case: AMD: A Customer-Centric Approach to Innovation*  (Group case assignment #4)  |
| 13             | 02/24  | Customer Metrics  |
|                | 02/27  | Take-home Final Exam  |
Class Schedule: MARK 70350 – Customer Relationship Management (may be adjusted)

**Session 1: January 13**

Topic: Introduction to CRM and Relationship Marketing

Reading(s):

- Rust, Moorman & Bhalla (2010) “Rethinking Marketing” HBR, Jan. /feb., 1-8

Case: Starbucks: Delivering Customer Service

Case Questions:

1. What factors accounted for the extraordinary success of Starbucks in the early 1990s? What was so compelling about the Starbucks value proposition? What brand image did Starbucks develop during this period?
2. Why have Starbucks’ customer satisfaction scores declined? Has the company’s service declined, or is it simply measuring satisfaction the wrong way?
3. How does the Starbucks of 2002 differ from the Starbucks of 1992?
4. Describe the ideal Starbucks customer from a profitability standpoint. What would it take to ensure that this customer is highly satisfied? How valuable is a highly satisfied customer to Starbucks?
5. Should Starbucks make the $40m investment in labor in the stores?

Assignments Due: None

**Session 2: January 15**

Topic: CRM Strategy and Implementation

Readings:


Case: EMC2: Delivering Customer Centricity (HBSP Product: 9-511-124)

Case questions:

1. Considering various dimensions, how does EMC’s customer-centric orientation today differ from its product-centric orientation prior to Ruettger’s tenure?
2. Is there any evidence of a positive return on investment in customer-centricity at EMC?
3. Under what consumer, product and/or competitive conditions might customer-centricity be more likely to payoff?
4. Is there evidence that any returns on customer-centricity might decline, over time?
5. In general, what are the challenges/risks associated with a customer-centric strategy?
6. What strategies and/or tactics would you recommend to help Jenkins overcome the challenges of sustaining customer-centricity at EMC?

Assignments Due: None

Session 3: January 20

Topic: Customer Profitability: Customer Lifetime Value (CLV)

Reading(s):


Assignments Due: None

Session 4: January 22

Topic: Managing Customer Profitability and CLTV

Case: HubSpot: Inbound Marketing and Web 2.0” (HBSP Product: 509049-PDF-ENG) and (Supplemental Spreadsheet) HubSpot: Inbound Marketing and Web 2.0” (HBSP Product: XLS226-XLS-ENG)

Case questions:

1. Which customers should HubSpot target? Explain fully and consider the following:
   • Should management widen their lens to serve any customer that comes their way?
   • Should management focus exclusively on either Owner Ollies or Marketer Marys?
   • Should management focus exclusively on either B2B or B2C customers?
2. How should management revise their marketing strategy to go after the target customers that you recommend? Explain fully as you consider the following:
   • Does HubSpot have the right set of products for the target customers?
   • Does HubSpot have the right pricing strategy?
   • Should HubSpot use outbound marketing or focus exclusively on inbound marketing?

Assignments Due: Group case write-up #1

Session 5: January 27

Topic: Customer Profitability: Customer Equity (CE) & Shareholder Value (SHV)

Reading(s):

Session 6: January 29

Topic: Linking CLV to shareholder value

Case: Netflix Inc: DVD Wars

Case Questions:

1. What was the main innovation introduced by Netflix to the video rental market?
2. What are the determinants of customer retention at Netflix?
3. How did the events surrounding Quickster affect Netflix?
4. Looking ahead which company is a bigger threat to Netflix: Wal-Mart, new start-ups such as VUDU or Redbox, iTunes, Amazon.com, or cable television providers?
5. Using the case data provided in the spreadsheet and the customer lifetime value formulation provided in the customer profitability note, estimate the lifetime value of a Netflix customer for each quarter?
6. The value of Netflix’s current customers can be calculated as the product of the remaining customer lifetime value and the number of paid subscribers. Market capitalization of Netflix is obtained as the product of the stock price and the number of shares outstanding. What explains the difference between the market capitalization and the value of Netflix’s current customers across the quarters in the data?

Session 7: February 3

Topic: Designing a Loyalty Program

Reading(s):


Assignments Due: Read the following articles and answer the questions below


Individual Assignment #2: Read the HBR case – Kaplan Robert (2012), “When to drop an unprofitable customer,” HBR case discussion, (R1204X-PDF-ENG)

Based on an understanding of these articles, how would you advise Bamford and Oldenburg to deal with the challenges that have emerged with the Westmid Builders account?

Session 8: February 5
Case Questions:

1. What are the biggest problems facing Cabo San Viejo going forward? Be sure to address internal issues (e.g. firm-specific strategic, operational, financial issues) and external issues (i.e. competition, customer base etc.)?

2. Assuming that Cabo San Viejo wants to implement some type of rewards program, how should the program be designed? Be sure to address specific issues raised in the case and in your assigned readings as you explain the following:

   - Objectives: What should be the strategic objective(s) of the program?
   - Design: How should the firm design a program of optimal effectiveness?
   - Benefits: How does the program-design benefit customers? How does the program-design benefit the firm?
   - Implementation: What are the core implementation steps and challenges associated with your program-design? How would you recommend that the firm deal with these challenges?
   - Monitoring/Measurement: How should management measure success of the program?

Assignment Due: Group case write-up #3

Session 9: February 10

Topic: Linking investments in branding to customer profitability

Reading(s):


Assignment Due: Read the following article and answer the questions below


Individual Assignment #3:

Select any B2B company and explain how they are developing loyalty in their business markets. You can use the above article as a reference/guidelines for successful loyalty program in B2B markets.

Session 10: February 12

Topic: Linking investments in branding to customer profitability

- Case: Hilton Hotels: Brand Differentiation through Customer Relationship Management (HBS Product: 809029-PDF-ENG)
Case Questions:

1. To what extent do value equity, brand equity and/or relationship equity contribute to overall customer equity for Hilton? Explain fully.
2. How effective has the Customers Really Matter initiative been for Hilton, since it was implemented in 2002? Was it worth the investment? Explain fully.
3. To what extent does the Customers Really Matter initiative create any competitive advantage for Hilton? What do you think Hilton’s leadership should do after the Blackstone acquisition? Should they simply maintain the status quo or invest more in Customers Really Matter? Explain fully.

Assignments Due: None

Session 11: February 17
Topic: Managing multi-channel shoppers
Reading(s):


Assignment Due: None

Session 12: February 19
Topic: Customer-centric innovation
Reading(s):


Case: AMD: A Customer-Centric Approach to Innovation (HBSP Product: 507037-PDF-ENG)

Case Questions:

1. What does “customer-centric innovation” mean at AMD, and how does it compare to the process described in “Manage Customer-Centric Innovation—Systematically?”
2. Is AMD’s customer centrality going to lead to a competitive advantage over Intel?
   - If so, explain how and discuss how management might overcome any challenges on the road to creating such an advantage.
   - If not, why not?

Assignments Due: Group case write-up #4

Session 13: February 24
Topic: Customer Metrics

Reading(s):

• Petersen, Andrew, Leigh McAlister, David Reibstein, Russell Winer, V. Kumar, and Geoff Atkinson (2009), “Choosing the Right Metrics to Maximize Profitability and Shareholder Value”, Journal of Retailing, 95-111

Assignments Due: None

*** See instructions on the final exam handout for how to submit you final exam ***
Appendix A

Class Participation Assessment Guidelines for MARK 70350- Spring 2014
(adapted from Prof. Tyler, Brown University)

**High/Above Average Contributions: 54-60 points**
- Contributions reflect thorough or exceptional preparation.
- Ideas offered are usually or always substantive, provide one or more significant insights and provide above-average or highly-productive direction for discussion amongst classmates.
- Challenges to the ideas of others, including authors of assigned readings, are well substantiated and often or always presented persuasively.
- If this person were not present in our class sessions, the quality of discussion would be diminished markedly.

**Medium/Average Contributions: Exactly 50 points**
- Contributions reflect satisfactory preparation.
- Ideas offered are sometimes substantive, provide generally useful insights, but seldom offer new and substantive direction for discussion amongst fellow classmates.
- Challenges to the ideas of others, including authors of assigned readings, are sometimes presented, fairly well substantiated and sometimes presented persuasively.
- If this person were not present in our class sessions, the quality of discussion would be diminished somewhat.

**Low/Below Average Contributions: 45 points or below**
- Contributions reflect inadequate preparation.
- Ideas offered are seldom substantive, provide few, if any insights, and at times, take the classroom discussion in an unproductive, non-insightful direction.
- Integrative comments and effective challenges are rare or absent.
- If this person were not present in our class sessions, the quality of discussion would not be changed or perhaps improve.