UNIVERSITI KUALA LUMPUR
MALAYSIAN INSTITUTE OF INDUSTRIAL TECHNOLOGY

FINAL EXAMINATION
JANUARY 2016 SEMESTER

COURSE CODE	:	JQB 41103
COURSE TITLE	:	CUSTOMER AND SUPPLY RELATIONSHIP MANAGEMENT
PROGRAMME LEVEL	:	BACHELOR
DATE	:	30 MAY 2016
TIME	:	2.30 PM – 5.30 PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consists of ONE (1) section.
4. Answer FOUR (4) questions only.
5. Please write your answers on the answer booklet provided.
6. Please answer all questions in English only.

THERE ARE 6 PAGES OF QUESTIONS EXCLUDING THIS PAGE.

INSTRUCTION: Answer FOUR (4) questions only.
Please use the answer booklet provided.

Refer to the Case Study below to answer Question 1 to 5.

PETALING JAYA: The comfort of travelers was uppermost in mind when Kuala Lumpur International Airport (KLIA) was designed, said Malaysia Airport's corporate communications General Manager, Nik Anis Nik Zakaria. Its layout was done in a way that every person arriving there could have 55 square meter of free space, she said.

"Even with a busy airport, people can still have a lot of free space to move around. So here, even when traffic is high, it doesn't feel crowded," she said. Nik Anis said most people sleeping at KLIA were international travelers. Resting corners and seats were scattered all over the airport, she said, adding that its transit hotel offered six-hour block bookings.

Donna McSherry, who is the founder of a website known as "The Guide to Sleeping in Airports", said that people were more likely to fly to places they were comfortable with.

Comfortable airports often drew travelers there, she said. "I think airports have been discovering that people will make their flight choices based on the comfort and convenience in the airports they experience layovers in," she said in an e-mail. McSherry said that free WiFi and pay-in lounges were a plus, especially for economy-class travelers.

On the other hand, respondents in a survey advised people to stay away from the Low-Cost Carrier Terminal (LCCT), telling them to take a 20km bus ride to KLIA if they wanted a good nap. LCCT, the survey claimed, was a "boring nightmare".

Adapted from The Star, February 15, 2013

Question 1

The top management of LCCT plan to improve its customer satisfaction by implementing structured customer relationship management (CRM) program.

(a) Explain what customer relation management is as defined by Francis Buttle and **FIVE (5)** constituencies in CRM.

(10 marks)

(b) CRM can be viewed at three different levels namely strategic, operational and analytical. Elaborate the strategic level and four major business orientations as pointed by Kotler.

(15 marks)

Question 2

The Francis Buttle's CRM model provides a 'helicopter view' of the CRM landscape as shown in Figure 1.

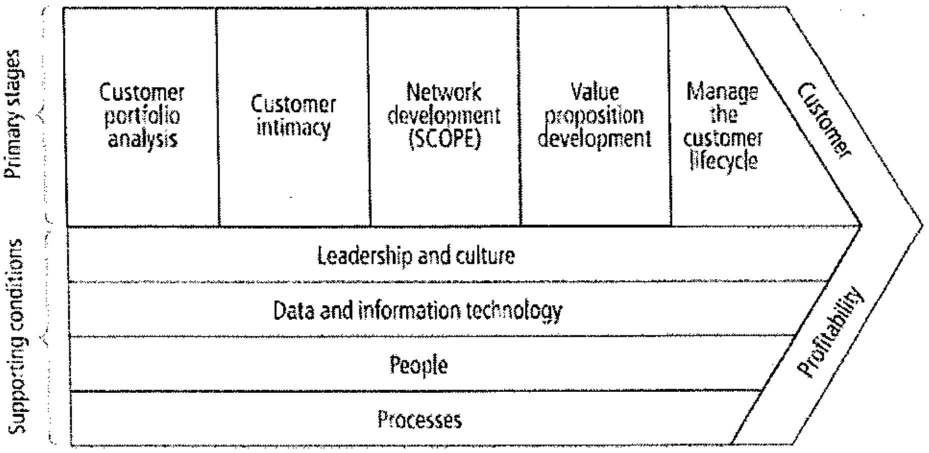
Primary stages
Customer portfolio analysis
Customer intimacy
Network development (SCOPE)
Value proposition development
Manage the customer lifecycle
Customer
Supporting conditions
Leadership and culture
Data and information technology
People
Processes
Profitability

Figure 1

(a) The core CRM objective is noted in the arrowhead at the right end of the CRM value chain. Briefly explain the Customer Profitability.

(5 marks)

(b) There are four conditions that support the development and implementation of the CRM strategy. Describes with examples any **TWO (2)** of the supporting conditions of the CRM model.

(5 marks)

(c) LCCT plan to adopt the Primary Stages of the Francis Buttle's CRM model to improve its customer management strategy. Discuss how LCCT may apply the primary stage of the CRM model for its strategy.

(15 marks)

Question 3

(a) Since the early 1980s a number of tools has been specifically designed for assessing companies' customer portfolios. They generally classify existing customers using a matrix and measurement approach. There are basically 3 CPA models:

i) Fiocca's CPA model
ii) Shapiro model
iii) Turnbull and Zolkiewski model

Briefly discuss any **TWO (2)** of the CPA tools.

(10 marks)

(b) There are several sales forecasting techniques such as qualitative, time-series and causal methods that companies may use to forecast future sales. In causal method, LCCT may use Leading Indicators or Regression Model methods. Differentiate between **Leading Indicators** and **Regression Model**.

(5 marks)

(c) One of the method in time-series is moving average. Table 1 shows record of the sales volumes from 1995 until 2001. Complete the table for both 3-year moving average (3-MA) and 5-year moving average (5-MA) until year 2002. (Note: Redraw Table 1 on your answer sheet). Also, construct a graph of "Year" versus "Sales Volume" and plot the data points for the "Sales Volume", "3-MA" and "5-MA" on graph paper.

Table 1

YEAR	SALES VOLUME	3-YEAR MA	5-YEAR MA
1995	4830		
1996	4930		
1997	4870		
1998	5210		
1999	5330		
2000	5660		
2001	5440		
2002			

(10 marks)

Question 4

a) In the Network Development stage, the achievement of CRM objectives requires companies to develop and manage a business network comprising suppliers, partners, investors and employees. Most companies operate within and through two major forms of network: the supplier networks or distribution networks as illustrated by Figure 2 (a) and (b). Discuss both networks based on Figure 2 (a) and (b).

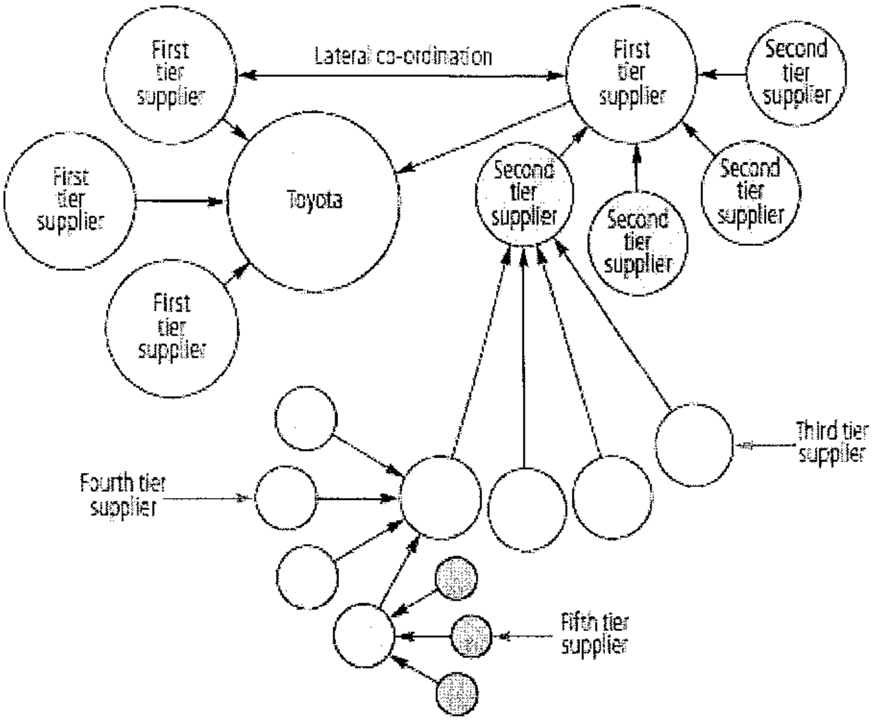
First tier supplier
Lateral co-ordination
First tier supplier
Second tier supplier
First tier supplier
Toyota
Second tier supplier
Second tier supplier
Second tier supplier
First tier supplier
Third tier supplier
Fourth tier supplier
Fifth tier supplier

Figure 2 (a) Supplier network

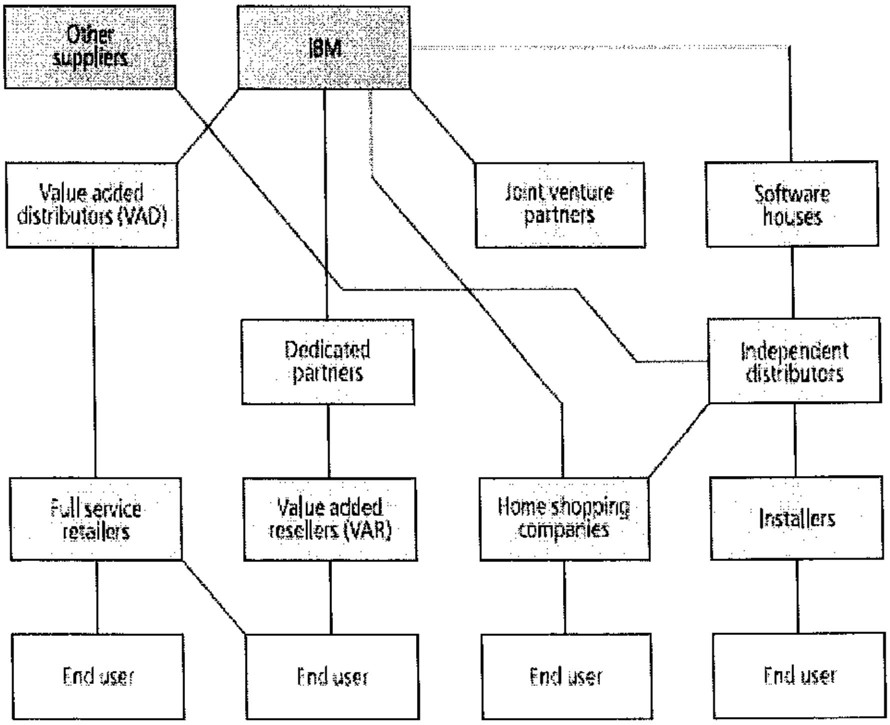
Other suppliers
IBM
Value added distributors (VAD)
Joint venture partners
Software houses
Dedicated partners
Independent distributors
Full service retailers
Value added resellers (VAR)
Home shopping companies
Installers
End user
End user
End user
End user

Figure 2 (b) Distribution network

(10 marks)

b) Relationships between companies can be described and analyzed in terms of 3 attributes:

B = The Actor's Bonds; **R** = Resource Ties; and **A** = Activities

The Actor's Bonds between companies can be based on six factors namely culture, values, law, geography, power and equity. Discuss with examples any **FIVE (5)** of the factors.

(15 marks)

Question 5

(a) Just as employees can be sacked, so it is possible to sack customers. Candidates for dismissal include customers who will never be profitable and who serve no other useful strategic purpose. Explain **FOUR (4)** strategies for sacking customers that LCCT's management may utilize to better manage its customers.

(10 marks)

(b) Although KLIA is successful in managing its customers, moving forward it is more important for the airport to retain the customers. There are several strategies for customer retention such follow:

i. Meeting and exceeding customer expectations.
ii. Finding ways to add value (loyalty schemes, customer clubs and sales promotions).
iii. Creating social and structural bonds.
iv. Building commitment (instrumental, relational and value-based).

Elaborate item (i) and (iii) of the retention strategies.

(15 marks)

END OF EXAMINATION PAPER