

**Uva Wellassa University**

Faculty of Management

Degree of Bachelor of Business Management (BBM) in Entrepreneurship and  
Management

*THIRD YEAR FIRST SEMESTER EXAMINATION – JUNE/JULY 2017*

ENM 342-2 Customer Relationship Management

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## Part B

**Answer only Three (03) questions including question number One (01)**

**Marks Allocation: 70 Marks**

### **01. Churn Reduction in Telecommunication Industry**

All industries suffer from voluntary churn -- the loss of customers to some other company. The survival of any business is based on its ability to retain customers. This is particularly true for phone, cable TV, satellite TV and wireless companies. How do you reduce churn? There are many ways: better products, better delivery methods, lower prices, building satisfactory customer relationships, better marketing and, above all, successful customer communications.

Wireless companies today measure voluntary churn by a monthly figure, such as 1.9 percent or 2.1 percent. This is the average number of customers who quit their service per month. Annual churn rates for telecommunications companies average between 10 percent and 67 percent.

Industry retention surveys have shown that while price and product are important, most people leave any service because of dissatisfaction with the way they are treated. They would not be looking around if they were happy with their current provider, its service and employees.

Roughly 75 percent of the 17 to 20 million subscribers signing up with a new wireless carrier every year are coming from another wireless provider and hence are already churners. It costs hundreds of dollars to acquire a new customer in most Telecom industries. When a customer leaves, we lose not only the future revenue from this customer but also the resources we spent to acquire the customer in the first place.

Communication is the heart of successful churn reduction. As a start, it can be used Automatic Number Identification (ANI) and your customer database to identify all customers when they call your customer service. Bring their complete history up on the screen when they call, including their profitability segment. Successful companies have special Gold Customer teams. Their customer service call director automatically routes calls from such customers directly to these teams. The same process can be used on the Web. If a customer has been to your Web site before, you should, with permission, retain their call history using a cookie. When Madu returns for some reason - tomorrow or next year - you can say, "Welcome back, Madu" as Amazon does. It costs nothing to do this. Is it important in reducing churn? You can easily measure this.

The second step is rapid problem solving. Telecom involves problems. The number one problem is billing errors, or: "My service is down". "My service is slow or erratic". "I cannot get what I

want". To keep your customers you have to have a really reliable way to anticipate customer's problems by keeping track of what most people and this particular customer have asked about. Next, you have to have a good system for letting the customer know what you are going to do about the problem, when it is likely to be solved, and how to get back in touch with the right person right away if it is not solved.

The third step is outbound: e-mail, direct mail, Web site and phone. Capture e-mails from all your customers, with permission to use them. Use e-mail, but do not abuse the privilege. Make sure that every e-mail to the customer is relevant to what the customer might be interested in, not what you want to sell. Your goal is to retain the customer. Keep that at the top of your agenda.

(Hughes, 2007)

Answer the following questions by referring above case study.

- I. Briefly explain the types of churn. (8 Marks)
  - II. Give your suggestions to prevent the churn in telecommunication industry. (10 Marks)
  - III. Explain the economic value of customer retention to the telecommunication industry. (12 Marks)
- (Total 30 Marks)**

- 02.
- I. Discuss the importance of Customer Relationship Management with relevant examples. (10 Marks)
  - II. Explain "Customer Lifetime Value" and discuss the importance of identifying "Customer Lifetime Value". (10 Marks)

**(Total 20 Marks)**



03.

- I. "Companies generate better results when they manage their customer base in order to identify, acquire, satisfy and retain profitable customers".

(Buttle, 2009)

Explain the **three (03)** stages of customer lifecycle and discuss why the organizations requires relationships. (10 Marks)

- II. Discuss the relationship among **customer satisfaction, customer loyalty and business performance.**

(10 Marks)

**(Total 20 Marks)**

04.

- I. Define "Brand Equity" and explain different branding strategies with relevant examples. (10 Marks)

- II. Discuss the steps of managing an "Individual brand Value" and "Customer Life time Value". (10 Marks)

**(Total 20 Marks)**