# Customer Relationship Management (MAR6861)
## Spring 2015 Section 3492

**Instructor:**
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**Office Hours:** Tuesdays, periods 7 & 8 (1:55 – 3:50 PM), and by appointment.

**Course TA:** N/A.

**Credit Hours:** 2.0

**Course Prerequisites:** MAR 5806 (QMB5305, QMB6358 or STA4210 or instructor consent is recommended.)

**Course Website:** Through Canvas at http://lss.at.ufl.edu

**Class Meetings:**
Location: 150 Hough Hall
Times: Tuesdays and Thursdays Periods 3 & 4 (9:35 – 11:30 AM)

**Course Communications:**
Please send all course-related communications to me via the email tool on the course website. I ask that you do this to insure that I receive your email (this account has no filtering) and that I have a complete thread of any class-related discussion. You are welcome to contact me using the above email address once the class is complete, or in the case of emergency (e.g., Canvas outage).

**Purpose of Course:**
Your customers are one of the most important assets that your company possesses. This class considers ways to evaluate the value provided by customers, and make decisions designed to optimize this value over time. We will focus on strategic and analytic to customer relationship management that will aid in customer acquisition, development and retention, and link these through the central concept of customer lifetime value.

Customer relationship management is closely related to the fields of data mining (and business analytics in general) and direct/database marketing (and information technology in general). While we will not explore those fields generally, we will discuss issues and techniques derived from those areas that provide a deeper understanding into the strategic application of CRM.

**Course Goals:**
Upon completing this class, you should:
- Be able to discuss the role that CRM plays in modern managerial decision making.

- Know and be able to use techniques that can be used to increase the value of customers to the company.
- Know and be able to use analytic procedures that support strategic decision making.
- Be able to discuss and avoid the typical problems that companies encounter in updating their CRM strategy.

**Course Objectives:**

In this class, you will:
- Complete one team case focusing on the measurement of customer lifetime value.
- Complete two team assignments dealing with customer scoring techniques.
- Use customer-focused metrics to evaluate the effectiveness of company strategy.
- Use accepted principles to design satisfaction and loyalty programs.

**Course Materials:**

This class will use two texts:

V. Kumar and Werner J. Reinhartz (2012), Customer Relationship Management: Concept, Strategy, and Tools, 2nd ed. New York, NY: Springer. ISBN: 978-3-642-20130-1.

and

Sunil Gupta and Donald R. Lehmann (2005). Managing Customers as Investments: The Strategic Value of Customers in the Long Run. Upper Saddle River, NJ: Wharton School Publishing. ISBN: 978-0-13-142985-9.

It will also involve one required reader, available at Target Copy, 1412 W. University Ave., 376-3826. The reader will contain the following articles and cases:

Rigby, Darrell K. and Dianne Ledingham (2004), "CRM Done Right," *Harvard Business Review* (November), pp. 118-129. Contained in HBSP #2173.

Rigby, Darrell K., Frederick F. Reichheld and Phil Schefter (2002), "Avoid the Four Perils of CRM," *Harvard Business Review* (February), pp. 101-109. Contained in HBSP #2173.

Fournier, Susan, Susan Dobscha and David Glenn Mick (1998), "Preventing the Premature Death of Relationship Marketing," *Harvard Business Review* (January-February), pp. 42-51. Contained in HBSP #2173.

Kalyanam, Kirthi and Monte Zweben (2005), "The Perfect Message at the Perfect Moment," *Harvard Business Review* (November), pp. 112-120. Contained in HBSP #2173.

Mittal Vikas, Matthew Sarkees and Feisal Murshed (2008), "The Right Way to Manage Unprofitable Customers," *Harvard Business Review* (April), pp. 94-102. HBSP #R0804F.

McGovern, Gail (2007), "Virgin Mobile USA: Pricing for the Very First Time," Harvard Business School Cases, HBSP 9-504-028.

The course will also involve another, optional reader also available at Target Copy. The optional reader will include syllabus, note shells, and other non-copyrighted materials distributed in the course. All these materials will also be available on the course website.

**Course Policies:**

**Attendance:**
Attendance in class is required. If you should need to be absent from a class, you should contact me *beforehand* to discuss your absence. Unexcused absences or multiple approved absences may result in a considerable penalty in final grading.

**Participation:**
It is critical that you attend and participate fully in classes. The material discussed in class is often supplementary to that covered in the reader. I will make printed note shells and PowerPoint files available for each class. You should read assigned material and review the note shells prior to each class so that you can participate in an informed fashion. These are provided to aid your preparation and note-taking, there will frequently be material presented in class that goes beyond the provided PowerPoint files. Some class time may be allotted for working on various assignments.

**Make-Ups:**
Exams must be taken on the day they are scheduled. If an emergency should cause you to miss an exam, you must notify me prior to the exam to schedule a make-up. I will require documentation of the emergency situation. No early exams will be given. Missed exams will earn 0 points.

**Incomplete Grades:**
Grades of "incomplete" will only be given in the event of exceptional circumstances, and must be arranged before classes end. Incompletes will not be awarded to allow "re-takes" of the class for an improved grade. See the Graduate Catalog for details of the official policy.

**Assignments:**
Assignments are due by the date and time listed on the class website unless otherwise stated. All times are Eastern Time (i.e., time in Gainesville). Assignments submitted late will be penalized 10% of the grade for each fraction of a day they are late. Assignments are to be completed without communication beyond the individual student or team. Teams may divide the assignment work as they see fit, but it should be done equitably and all teammates should understand all the steps. See Grading Policies for more information.

**Extra Credit:**
Your grade in this class will be based on the rubric discussed above. Students may not request supplementary assignments for "extra" credit, since offering opportunities to some students that are not available to all would be unfair. Exams may list problems for "extra credit" but these opportunities, if available, will be available to all students.

**Course Technology:**
This course does not require the use of any specific software. Team assignments will provide students with output from software packages which they must then interpret and report. However, students will be encouraged to perform the same steps using the software

(SAS Enterprise Miner) can be used to produce these results. Students will be given access to SPSS and SAS Enterprise Miner via UF Apps. Apart from this, the only software that you will need for the course is basic word-processing and spreadsheet software. If you have questions about UF Apps, you should request technical help through http://help.warrington.ufl.edu. Questions about using the software, on the other hand, are best answered by me.

In some classes, I will explicitly ask you to use your laptops to work on assignments. In other cases, computers will not be necessary. It is fine with me if you use your laptops to take notes and/or work on class problems. You should not use your computer in a way that distracts you or others from the class, is generally disruptive, or is contrary to the IT policies of the university (see below). You should focus on this class while it is going on.

You will not be permitted to use a computer or any device that have communication capability (e.g., cell phones) during exams. This means having any necessary materials in hardcopy format during exams.

To avoid disruption, I ask that you turn off or set to "silent" all cell phones and beepers prior to class. Exceptions can be made under special circumstances.

## University Policies:

### Students with Disabilities:
Students requesting accommodation for disabilities must first register with the Dean of Students Office (http://www.dso.ufl.edu/drc/). The Dean of Students Office will provide documentation to the student who must then provide this documentation to the instructor when requesting accommodation. You must submit this documentation prior to submitting assignments or taking the quizzes or exams. Accommodations are not retroactive, therefore, students should contact the office as soon as possible in the term for which they are seeking accommodations.

### Academic Misconduct:
*We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.*

As a result of completing the registration form at the University of Florida, every student has signed the following statements: "I understand that the University of Florida expects its students to be honest in all their academic work.  I agree to adhere to this commitment to academic honesty and understand that my failure to comply with this commitment may result in disciplinary action up to and including expulsion from the University."

All work submitted in this class must be your own. You are encouraged to discuss class topics with others, study together, etc., but you are not permitted to represent the work of another as your own. Cheating, plagiarism, and other violations of the University of Florida Academic Honesty Guidelines will not be tolerated, and will be dealt with according to University policy. This will, at a minimum, result in a failing score on the assignment in

question. If you have any questions about what behavior might constitute a violation of the policy, you should consult your student handbook or the following website: https://www.dso.ufl.edu/sccr/process/student-conduct-honor-code/

**Software and Computer Use:**
All faculty, staff and students of the University are required and expected to obey the laws and legal agreements governing software use. Failure to do so can lead to monetary damages and/or criminal penalties for the individual violator. Because such violations are also against University policies and rules, disciplinary action will be taken as appropriate. More information is available at:

http://www.it.ufl.edu/policies/acceptable-use/acceptable-use-policy/

If you have any questions regarding these policies, please contact me to discuss them.

## Getting Help:

For issues with technical difficulties for E-learning, please contact the UF Help Desk at:
- Learning-support@ufl.edu
- (352) 392-HELP - select option 2
- https://lss.at.ufl.edu/help.shtml

** Any requests for make-ups due to technical issues MUST be accompanied by the ticket number received from LSS when the problem was reported to them. The ticket number will document the time and date of the problem. You MUST e-mail your instructor within 24 hours of the technical difficulty if you wish to request a make-up.

Other resources are available at http://www.distance.ufl.edu/getting-help for:
- Counseling and Wellness resources
- Disability resources
- Resources for handling student concerns and complaints
- Library Help Desk support

## Grading Policies:

**Course Evaluation:**
Your performance in this class will be based on 2 exams, 3 assignments (all are team assignments), and class participation. Grades will be based on your cumulative point score as follows:

| | |
|---|---|
| Virgin Mobile Case | 30 points |
| Logistic Regression Assignment | 35 points |
| Decision Tree Assignment | 35 points |
| Exam 1 | 40 points |
| Exam 2 | 45 points |
| Class Participation | 15 points |
| TOTAL | 200 points total |

Overall course grades will be assigned as follows:

$$180 – 200 \text{ points} = A$$
$$160 – 179 \text{ points} = B$$
$$140 – 159 \text{ points} = C$$
$$120 – 139 \text{ points} = D$$
$$\text{below } 120 \text{ points} = E$$

Plus and minus grades will be awarded to students in the top and bottom 6 points of each range, respectively (e.g., 173-179 = B+, 160-166 = B-). Borderline students may receive the next higher grade if I feel that they have made a concerted effort to master class material.

**Exams:**

The exams are designed to test students' understanding of the conceptual and analytic material presented in class. They may involve a variety of question types including multiple choice, identification, short answer, and essay formats. They will be open-book and open-notes and will be given in class on the days shown in the schedule below. Exam scores may be curved if necessary. You will require a basic scientific calculator (one with a power function) for the exams, and you are not permitted to use a computer or device with wireless communication capability (e.g., cell phone, PDA) unless otherwise instructed. This class emphasizes understanding over rote learning and will require you to understand the material and apply it to novel situations.

**Team Assignments:**

Assignments are designed to give you working experience with the analytic techniques covered in class. They are also designed to give you general experience with a variety of software and experience working in a group. You will need to spend considerable time and effort on these assignments. Together, they account for 50% of your grade, so they should be taken very seriously. You should submit each assignment as if it were a full analytical report to your manager. In particular, you should include a discussion of the question or questions addressed, the methods used, the results, and the implications for changes in the firm's marketing strategy.

You will complete three graded assignments in this class. All are designed to allow you to explore the topics and techniques we are discussing in a more hands-on fashion. The assignments will cover the following topics:
- Customer Lifetime Value analysis
- Linear and Logistic regression scoring models
- Tree-based scoring models (e.g., CHAID)

**Team Work:**

For the team assignments you may divide the work however you like across your teammates, but you may not collaborate with people outside your team. I will ask you to rate the contributions of yourself and your teammates after the case and use these to determine the points that each student will earn. Your goal should be an equitable distribution of work such that everyone rates the contributions of all team members equally.

**Class Participation:**

Classes often involve fairly detailed discussions of behavioral theories or analytic techniques. I will make available note shells for each lecture. These note shells provide much of the material that is presented in class.

It is critical that you attend lectures. The material discussed in lecture is often quite different from that covered in the reader. Also, classes are designed to be interactive. I try to stimulate discussion about particular topics in class and often use group discussions to illustrate particular points. Ten points will be awarded to students who I feel have contributed often and productively to class discussion. You should read assigned material and review the note shells prior to each class so that you can participate in an intelligent fashion. Some class time will be allotted for working on group assignments. I ask that you turn off or set to "silent" all cell phones and beepers prior to class. Exceptions can be made under special circumstances.

## Spring 2017 Class Schedule

| Date | Topic | Assignment |
|------|-------|------------|
| Tues., February 28 | Class Expectations, Intro to CRM | Read KR Chapters 1 and 2, and Fornier, Dobsha, & Mick (1998). |
| Thurs., March 2 | Customer Lifetime Value | Read GL Chapter 1 and 2 and KR Chapter 3. |
| Spring Break. No class March 7 and March 9. | | |
| Tues., March 14 | More about CLV | Read GL Chapter 3 and 4. |
| Thurs., March 16 | Customer-based strategy | Read KR Chapter 4 and Mittal, Sarkees and Murshed (2008). **Virgin Mobile case assignment due.** |
| Tues., March 21 | Customer-based marketing metrics | Read KR Chapters 5 and 6. |
| Thurs., March 23 | Customer scoring & RFM analysis | Read KR Chapters 7 and 8. |
| Tues., March 28 | **Exam 1, 9:35-11:30 AM Hough 150** | |
| Thurs., March 30 | Tree-based scoring models | |
| Tues., April 4 | Customer-based planning and profit trees | Read GL Chapter 5 and Rigby & Ledingham (2004). |
| Thurs., April 6 | Linear and logistic regression | Read Logistic Regression chapter (online). **Decision Tree assignment due.** |
| Tues., April 11 | Performing logistic regression | |
| Thurs., April 13 | Loyalty programs | Read KR Chapters 10 and 11. |
| Tues., April 18 | Organizational and channel concerns | Read KR Chapters 12 and 13. **Regression scoring assignment due.** |
| Thurs., April 20 | Social media and class summary | Read GL Chapter 6, GL Chapter 17 and Rigby, Reichheld & Schefter (2002). |
| Thurs., April 27 | **Exam 2, 9:35-11:30 AM Hough 250** | |