

## **MGT 4332: Database & CRM Strategy SPRING 2012**

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**Office hours:** M 9:45-11:45 AM and by appointment

**Class Days/Time:** M/W 8:05-9:25 AM

**Class Location:** 202

### **PREREQUISITE:**

- MGT 3300

### **COURSE DESCRIPTION AND OBJECTIVES:**

Customers are one of a company's most important assets. The development of new technologies has enabled firms to collect a vast amount of customer information and use it to manage their customer assets more effectively and efficiently. In this course, we focus on strategic and analytical customer relationship management (CRM). More specifically, we will introduce key issues and techniques associated with customer relationship management and illustrate how firms can apply these techniques to improve the management of customer acquisition, development, and retention, and to maximize customer lifetime value.

The goals of this course are:

- Understand the emerging practice of customer-centric marketing and the role of CRM in firm decision making
- Learn techniques that firms can use to manage customer relationships and improve the value of customers to the company
- Learn analytic procedures that support strategic decision making
- Learn the typical problems that companies encounter in implementing the CRM strategy

### **REQUIRED COURSE MATERIALS:**

- V. Kumar and Werner J. Reinhardt (2006), Customer Relationship Management: A Databased Approach. Hoboken, NJ: John Wiley & Sons. ISBN: 0-471-27133-0.
- Sunil Gupta and Donald R. Lehmann (2010), Managing Customers as Investments: The Strategic Value of Customers in the Long Run. Upper Saddle River, NJ: Pearson Prentice Hall. ISBN: 0-132-16161-3.
- Course pack (available at Study.net)

### **COURSE EVALUATION:**

Your performance will be evaluated based on the following assignments and exams:

Data-Analysis Assignments	25*3
Quizzes	15*2
Case Discussion Assignment	15
Participation and Attendance	20
Final Exam	60
TOTAL	200

- A (Outstanding work)
- B (Commendable performance)
- C (Meets every course requirement in an acceptable manner)
- D (Below standard)
- F (Failure)

### GROUP ASSIGNMENTS:

You will complete three quantitative group assignments using the SPSS software package. You must email me the report **before the class** specified on the course outline. The three assignments cover the following topics:

- Predicting Response at The BookBinders Book Club
- Customer Lifetime Value Analysis: Tuscan Lifestyles
- Recency, Frequency, Monetary Value (RFM) Analysis: Tuscan Lifestyles

We also have four qualitative cases and each group will be assigned to lead the discussion for one case. For the assigned case, you must email me the case write-up and the PowerPoint slides at least **TWO DAYS BEFORE** we discuss the case in class. You must read all other cases before the class and prepare for the discussion within your group. The four cases cover the following topics:

- DM & CRM in Practice (I): Capital One
- DM & CRM in Practice (II): Harrah's Entertainment
- Managing Customer Acquisition: Vanguard Investors
- Managing Customer Loyalty: Cabo San Viejo

The above assignments can be found in the course pack. Late submission for any assignment will not be accepted. Peer evaluation may be conducted at the end of the semester to determine your final grades for the group work.

**Please email me your group information and the ranking of the four cases based on your preferences by Jan 13th, 2011.**

### QUIZZES AND EXAM:

Quizzes will be given at the beginning of the class specified on the course outline, based on assigned readings and lectures. **No early or make-up quizzes will be given.**

The final exam is designed to test your understanding of the conceptual and analytic materials covered in class. The exam must be taken on the scheduled date and no early exam will be given. In case of emergency, you must notify me prior to the exam to schedule a make-up exam. **Missed exams will earn 0 points.**

### ATTENDANCE:

This course moves quickly and requires a lot of work. Therefore, it is critical that you attend all class sessions. You must email me in advance if you are unable to attend a class session. If you miss **three or more** classes for non-emergency reasons, you earn **0 points** for participation and attendance.

**NOTE:** The course syllabus is a general plan for the course; changes may be made and will be announced in class.

## COURSE OUTLINE AND ASSIGNMENTS

	Date	Topic	Readings and Assignments
Module 1	Jan 9	Orientation & Introduction	<u>Readings:</u> <ul style="list-style-type: none"> <li>• KR Chapters 1 and 3</li> </ul>
	Jan 18	Introduction to CRM (I)	<u>Readings:</u> <ul style="list-style-type: none"> <li>• GL Chapter 1</li> <li>• KR Chapter 4</li> </ul>
	Jan 23	Introduction to CRM (II)	<u>Readings:</u> <ul style="list-style-type: none"> <li>• Avoid the Four Perils of CRM, <i>HBR</i></li> <li>• Preventing the Premature Death of Relationship Marketing, <i>HBR</i></li> <li>• The Mismanagement of Customer Loyalty, <i>HBR</i></li> </ul>
	Jan 25	Database Marketing and CRM in Practice (I)	<u><b>Case I: Capital One (UK)-Condensed Version</b></u> <ul style="list-style-type: none"> <li>• How would YOU define CRM - briefly and succinctly?</li> <li>• If it is to become more than a concept, CRM needs to be translated into specific activities and processes. Based on the case, what are the key CRM activities and processes of Capital One?</li> <li>• What can be learned from the CRM practice at Capital One that could be applied to businesses in other industries? What aspects cannot be easily applied?</li> </ul>
	Jan 30	Database Marketing and CRM in Practice (II)	<u><b>Case II: Harrah's Entertainment, Inc.</b></u> <ul style="list-style-type: none"> <li>• What are the objectives of the various data base marketing programs and are they working?</li> <li>• Why is it important to use "customer worth" in the DBM efforts rather than observed level of play?</li> <li>• What is the sustainability of Harrah's actions and strategy?</li> </ul>
	Feb 1	Guest Speaker –Deborah Bursa (CRM Specialist, College of Management, GT)	

Module 2 (Trading Floor)	Feb 6 Feb 8	Basic Customer Analysis and Predictive Analytics	<u>Readings:</u> <ul style="list-style-type: none"> <li>• Basic Applied Techniques (SPSS White Paper)</li> <li>• Who Are My Best Customers? (SPSS White Paper)</li> <li>• The BookBinders Book Club: Basic Customer Analysis</li> </ul>
	Feb 13		<b>Assignment 1: Predicting Response at BookBinders (BBB.sav)</b>
Module3 (Trading Floor)	Feb 15	CRM Metrics	<u>Readings:</u> <ul style="list-style-type: none"> <li>• KR Chapters 5 and 6</li> </ul>
	Feb 20 Feb 22 Feb 27	Lifetime Value Analysis	<u>Readings:</u> <ul style="list-style-type: none"> <li>• GL Chapters 2</li> </ul> <b>Assignment 2: Tuscan Lifestyles: Assessing Customer Lifetime Value (no dataset)</b> <ul style="list-style-type: none"> <li>• What is the expected 'lifetime' value (i.e. 5 years) of a customer whose initial purchase is less than \$50?</li> <li>• What is the expected 'lifetime' value (i.e. 5 years) of a customer whose initial purchase is \$50 or greater?</li> <li>• Based on these expected CLV's, what marketing plans do you suggest?</li> </ul>
Module 4 (Trading Floor)	Feb 29	Introducing RFM Analysis	<u>Readings:</u> <ul style="list-style-type: none"> <li>• KR Chapter 7</li> </ul>
	Mar 5		<b>Quiz 1: CRM Metrics &amp; CLV Analysis.</b>
Module 5 (Trading Floor)	Mar 7 Mar 12	Applying RFM	<u>Readings:</u> <ul style="list-style-type: none"> <li>• Note - Recency, Frequency and Monetary Analysis</li> </ul>
	Mar 14		<b>Assignment 3: Tuscan Lifestyles: Targeting Customers with RFM analysis (Tuscan_RFM2.sav)</b>
Module 6	Mar 26	Lifts and Gains	<u>Readings:</u> <ul style="list-style-type: none"> <li>• Note - Assessing a Model's Performance: Lifts and Gains</li> </ul>
	Mar 28		<b>Quiz 2: RFM Review</b>

Module 7	Apr 2	Customer-Based Strategy	<u>Readings:</u> <ul style="list-style-type: none"><li>GL Chapter 3</li><li>The Right Way to Manage Unprofitable Customers, <i>HBR</i></li></ul>
	Apr 4		<u>Case III: The Independent Adviser for Vanguard Investors</u> <ul style="list-style-type: none"><li>Assess the results from the last prospecting effort.</li><li>If Dan could do it over again, which of the lists (AAA, BBB...LLL) would you advise him to mail to?</li><li>What should Dan do with regard to his next prospecting effort?</li></ul>
Module 8	Apr 9	Guest Speaker – Phil Rubin (CEO & President, rDialogue)	
	Apr 11	Customer-Based Planning	<u>Readings:</u> <ul style="list-style-type: none"><li>GL Chapter 5</li><li>CRM Done Right, <i>HBR</i></li></ul>
	Apr 16	Customer Loyalty & Loyalty Programs	<u>Readings:</u> <ul style="list-style-type: none"><li>KR Chapters 8 and 9</li><li>Your Loyalty Program is Betraying You, <i>HBR</i></li></ul> <u>Case IV: Cabo San Viejo (CSV): Rewarding Loyalty</u> <ul style="list-style-type: none"><li>What are the characteristics of CSV’s customer base? How healthy is this customer base?</li><li>Should CSV adopt a rewards program?</li><li>If the firm were to adopt a rewards program, what should its strategic objective be? What problem should the firm be trying to solve? What is the biggest problem facing this firm in terms of customer management?</li><li>If the firm were to adopt a rewards program, how should it be structured? On what basis should points be awarded? What type of rewards should the firm offer?</li></ul>
	Apr 18		
	Apr 23	Guest Speaker – Tim Berry (Co-President, Merkle)	
	Apr 25	Final Review	
	TBA	Final Exam	