

CUSTOMER RELATIONSHIP MARKETING (CRM)

MK 8710

◆ SYLLABUS ◆

Fall 2017



Professor V. Kumar

Regents' Professor

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Course Objectives

1. Understand the fundamentals of Relationship Marketing Strategy.
2. Understand the metrics used in CRM, especially customer value.
3. Evaluate the phenomenon of customer loyalty- is it always desirable?
4. Understand the tools used for efficient allocation of marketing resources to maximize customer value.
5. Develop an understanding of CRM implementation issues.

Method of Instruction

This course includes a combination of lecture notes, student discussion, and a text for references and examples. Students will also be responsible for analyzing cases and assigned readings along with solving numerical assignments dealing with CRM strategy, tools, and implementation. Students are requested to **bring in their calculators/laptops** to every class because problems requiring computations will need to be completed.

The course also has an online component. Class notes and assignments will be posted on www.drvkumar.com/fall2017 prior to each class. The passwords, which vary for each class, to download the materials are provided at the beginning of each class. Students are expected to attend each class, download the course materials, and are expected to solve the assigned problems in class. Students are expected to go through the readings and work on the assignments as per the indicated schedule. All assignments should be submitted in the dropbox on the iCollege (formerly Brightspace) webpage.

Required Course Case is available on study.net at this URL: TBD

The classes will be held in **classroom 1215 at the Buckhead Location, Tower Place 200.**

You may email the TA (Avishek Lahiri) at alahiri1@gsu.edu to set up an appointment for office hours if you need additional assistance.

Reading Materials

Required Textbooks:

1. **Profitable Customer Engagement: Concept, Metrics and Strategies**, V. Kumar, Sage Publications India, 2013.

Additional Suggested Textbook:

2. **Statistical Methods in Customer Relationship Management**, V. Kumar and J. Andrew Petersen, Wiley & Sons
3. **Customer Relationship Management: Concept, Strategy and Tools**, V. Kumar and W. Reinartz, 2nd Edition, Springer

Note: If you need to purchase the textbooks, they are available at Amazon.com or Barnesandnobles.com

Required readings:

(Note: please connect to GSU campus network before downloading each article following the hyperlink or 'hints to access this article'.)

1. "Why Service Stinks," *Business Week*, October 23, 2000.
<http://ehis.ebscohost.com/eds/detail?sid=5976582c-3bba-4621-9b86-ddb9877e1b5f%40sessionmgr112&vid=8&hid=20&bdata=JnNpdGU9ZWRzLWxpdmU%3d#db=bth&AN=3656596>

2. "The Perils of Social Coupon Campaigns," V. Kumar and Bharath Rajan, *MIT Sloan Management Review*, Vol. 53 (4), 2012.
<http://sloanreview.mit.edu/the-magazine/2012-summer/53404/the-perils-of-social-coupon-campaigns/>

3. "Competing on Analytics," Thomas H. Davenport, *Harvard Business Review*, Jan 1, 2006
<http://ezproxy.gsu.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=19117901&site=ehost-live&scope=site>

Hints to access this article: Copy and Paste this link into your browser. Under the subtitle "Source", click on Harvard Business Review. Then on the right hand side are years of all the issues. Click on 2006. Then click on Vol. 84 Issue 1 - Jan2006. This will create a new list of search results. Scroll down until you see this paper's title. Click on that and the pdf should then be available on the left-hand side of the screen.

4. "Knowing What to Sell, When, and to Whom," V. Kumar, R. Venkatesan, and W. Reinartz, *Harvard Business Review*, March 2006.
<http://eds.a.ebscohost.com/eds/detail/detail?vid=1&sid=983aceac-1072-47a5-a5f6-3ab939dd8462%40sessionmgr4002&hid=4108&bdata=JnNpdGU9ZWRzLWxpdmU%3d#AN=19707500&db=bth>

Hints to access this article: Go to library.gsu.edu. Type the title of the paper into the search bar. The paper should appear first in the search results. Click on it and the pdf should be on the left side of the screen. You need to be logged into the library (by using your school id and the same password you use to access PAWS) to access the paper.

5. "What Drives Customer Equity," Lemon, Rust and Zeithaml, *Marketing Management*, Vol 10, Issue 1, Spring 2001.
http://www.brandstrategygroup.de/d_texte/customer_equity_drivers_2001.pdf

6. "Getting the Most Out of All Your Customers," J. Thomas, W. Reinartz, and V Kumar, *Harvard Business Review*, Vol 82, Issue 11, July/August 2004.

Hints to access this article: Go to library.gsu.edu. Click on the Journals Tab. Type in 'Harvard Business Review'. The 2nd result (See Figure Below as sometimes relative positions of journals change), is the Internet copy of Harvard Business Review. Click on it. Then click the 'Find at GSU' blue icon under the tags subtitle. This will open in another tab. Click the first link that states 'Full text online'. Another tab will open that looks similar to the steps

you took for the Competing on Analytics paper. Click on the 2004 year, then the Vol. 82 Issue 7/8 - Jul/Aug2004 option. Then, scroll until you find 'Getting the most out of all your customers'. Click on it and the pdf should appear on the left.

Figure:



7. "Building and sustaining profitable customer loyalty for the 21st century," V. Kumar, and D. Shah, *Journal of Retailing*, 2004.

<http://www.sciencedirect.com/science/article/pii/S0022435904000636#>

8. "The Mismanagement of Customer Loyalty," W. Reinartz and V Kumar, *Harvard Business Review*, July 2002.

https://scholar.google.com/scholar?q=The+Mismanagement+of+Customer+Loyalty&btnG=&hl=en&as_sdt=0%2C11

9. "How Valuable Is Word of Mouth?" V Kumar, J. Andrew Petersen, Robert P. Leone, *Harvard Business Review*, October 2007.

<http://web.ebscohost.com/ehost/detail?vid=5&hid=107&sid=eba38e14-e64e-405d-96d5-a6b763a420f2%40sessionmgr110&bdata=JnNpdGU9ZWwhvc3QtbGl2ZQ%3d%3d#db=bth&AN=26558050>

10. "Measuring the Benefits of Employee Engagement," V. Kumar and Anita Pansari, *MIT Sloan Management Review*, Summer 2015.

<http://search.proquest.com/docview/1694713041?pq-origsite=gscholar>

11. "Can Product Returns Make You Money?" A. Peterson and V. Kumar, *Sloan Management Review*, Spring 2010.

<http://sloanreview.mit.edu/the-magazine/2010-spring/51316/can-product-returns-make-you-money/>

12. "Who's Your Most Valuable Salesperson?" V. Kumar, Sarang Sunder and RP Leone, *Harvard Business Review*, April 2015.

Hints to access this article: Go to library.gsu.edu. Click on the Journals Tab. Type in 'Harvard Business Review'. The 2nd result (sometimes relative positions of journals change), is the Internet copy of Harvard Business Review. Click on it. Then click the 'Find at GSU' blue icon under the tags subtitle. This will open in another tab. Click the first link that states 'Full text online'. Another tab will open that looks similar to the steps you took for the Competing on Analytics paper. Click on the 2015 year, then the Vol. 93 Issue 4 - Apr2015 option. Then,

scroll until you find ‘Who’s Your Most Valuable Salesperson’. Click on it and the pdf should appear on the left.

13. “Increasing the ROI of Social Media Marketing”, V. Kumar and Rohan Mirchandani, *Sloan Management Review*, Fall 2012.

<http://sloanreview.mit.edu/the-magazine/2012-fall/54115/increasing-the-roi-of-social-media-marketing/>

14. “Can Marketing Lift Stock Prices?” V Kumar and Denish Shah, *Sloan Management Review*, Vol. 52 (4), 2011.

<http://sloanreview.mit.edu/the-magazine/2011-summer/52405/can-marketing-lift-stock-prices/>

Students will be tested on material covered in class and the above mentioned readings.

Method of Evaluation

Method of Evaluation	Percent of Final Grade	Due Date
Class Participation	5%	Every Day
Assignment # 1: Readings-Based Questions (3 sets)	10%	1.1 October 22 1.2 October 25 1.3 October 25
Assignment # 2: RFM and PCV calculation	7.5%	October 22
Assignment # 3: P (Alive) and NPV calculation	7.5%	October 25
Assignment # 4: Lifetime Value Computation	10%	October 29
Assignment # 5: CRV Computation	7.5%	November 1
Assignment # 6: BRV Computation	7.5%	November 6
Assignment # 7: CIV Computation	7.5%	November 6
Case analysis # 1: Harrah’s Entertainment (Online)	7.5%	November 15
In-Class Test	30%	November 8
Total	100%	

*The professor reserves the right to change the dates if needed. Thank you for understanding. Please come prepared to discuss the readings in class.

Class will meet on Oct 16, 18, 23, 25, Nov 1, 2, 6 and 8. However, the timings are as follows:

All class meetings are from 5:30 pm to 9:45 PM.

All assignments are due by 5 pm on the designated due dates.

◆ **TENTATIVE CLASS SCHEDULE** ◆

In addition to the below schedule, we will have special class sessions – More information to be announced during class.

Session 1 Monday, October 16

Topic: Introduction to CRM & Metrics for CRM

- a) Path to Profitability
- b) What is CRM?
- c) The Customer Lifecycle
- d) The Concept of Customer Loyalty
- e) Metrics for Evaluating Customers

Textbook Chapters:

Profitable Customer Engagement: Ch. 1

Customer Relationship Management: Ch. 1

– **Assignment:**

Due Sunday, October 22

Assignment # 1.1: Readings-Based Questions

Assignment #2: RFM and PCV Calculation

– **Readings:**

1. “Why Service Stinks,” *Business Week*, October 23, 2000
2. “The Perils of Social Coupon Campaigns”, V. Kumar and Bharath Rajan, MIT Sloan Management Review, Vol. 53 (4), 2012.
3. “Competing on Analytics,” Thomas H. Davenport, Harvard Business Review, Jan 1, 2006.

Session 2 Wednesday, October 18

Topic: Customer Loyalty and CLV

- a) Evolution of Loyalty Programs
- b) Linking Loyalty to Profitability
- c) Introducing and measuring CLV

Textbook Chapters:

Profitable Customer Engagement: Ch. 4

Customer Relationship Management: Ch. 2 & 10

Statistical Methods in Customer Relationship Management: Ch. 3

(Supplementary Reading)

– **Assignments:**

Due Wednesday, October

25

Assignment #3: P (Alive) and NPV Calculation

Assignment # 1.2: Readings-Based Questions

Assignment # 1.3: Readings-Based Questions

– **Readings:**

1. "Knowing What to Sell, When, and to Whom," V. Kumar, R. Venkatesan, and W. Reinartz, *Harvard Business Review*, March 2006.
2. "What Drives Customer Equity," Lemon, Rust and Zeithaml, *Marketing Management*, Spring 2001.
3. "Getting the Most Out of All Your Customers," J. Thomas, W. Reinartz, and V. Kumar, *Harvard Business Review*, July/August 2004.
4. "Building and sustaining profitable customer loyalty for the 21st century," V. Kumar, and D. Shah, *Journal of Retailing*, 2004.

Session 3 Monday, October 23

Topic: Measuring and Maximizing Customer Lifetime Value (Part I)

- a) Measuring CLV
- b) Customer Selection
- c) Managing Loyalty and Profitability Simultaneously
- d) Optimal Resource Allocation
- e) Assessing Return on Marketing Investment

Textbook Chapters:

Customer Relationship Management: Ch. 5 & 6

Statistical Methods in Customer Relationship Management: Ch. 4
(Supplementary Reading)

- **Assignment** **Due Sunday, October 29**
Assignment #4: CLV Computation
- **Readings:**
 1. "The Mismanagement of Customer Loyalty," W. Reinartz and V Kumar, *Harvard Business Review*, July 2002.

Session 4 Wednesday, October 25

Topic: Measuring and Maximizing Customer Lifetime Value (Part II)

- a) The Dark Side of Cross-Selling
- b) IBM Case Study Discussion
- c) Introduction to Customer Engagement
- d) Understanding Referral Marketing

Textbook Chapters:

Profitable Customer Engagement: Ch. 6

Customer Relationship Management: Ch. 16

- **Assignment:** **Due Wednesday, November 1**
Assignment # 5: CRV Computation
- **Online Case Study (To be watched BEFORE class):**
 - Watch this Online Video: IBM Case Study (Approximately 40 minutes)

Link: <https://www.youtube.com/watch?v=tHc-a4Ze3c&index=2&list=PLS9kgwA-swXT8zHEPRnQ8UrvnSD7O7LGU>

– **Readings:**

1. “How Valuable Is Word of Mouth?” V Kumar, J. Andrew Petersen, Robert P. Leone, *Harvard Business Review*, 2007

Session 5 Wednesday, November 1

Topic: Measuring and Maximizing Customer Lifetime Value (Part III)

- a) Business Reference Value
- b) Understanding Customer Knowledge Value (CKV)
- c) Multichannel Analysis
- d) Employee Engagement

Textbook Chapters:

Profitable Customer Engagement: Ch. 6 & 8
Customer Relationship Management: Ch. 12

– **Assignment:**

Due Monday, November 6

Assignment # 6: BRV Computation

– **Readings:**

1. “Measuring the Benefits of Employee Engagement,” V. Kumar and Anita Pansari, *MIT Sloan Management Review*, Summer 2015.

Session 6 Thursday, November 2

Topic: Managing Customers and Salesperson

- a) Word of Mouth about Brands
- b) Understanding Customer Influence Value (CIV)
- c) Salesperson Future Value (SFV)

Textbook Chapters:

Profitable Customer Engagement: Ch. 7

– **Assignment:**

Due Monday, November 6

Assignment # 7: CIV Computation

– **Readings:**

1. “Increasing the ROI of Social Media Marketing,” V. Kumar and Rohan Mirchandani, *MIT Sloan Management Review*, Fall 2012.
2. “Who’s Your Most Valuable Salesperson?” V. Kumar, Sarang Sunder and RP Leone, *Harvard Business Review*, April 2015. (Optional Reading)

Session 7 Monday, November 6

Topic: Customer Selection Tools

- a) Customer Brand Value (CBV)
- b) Optimizing Brand Value
- c) CLV and Shareholder Value

Textbook Chapters:

Profitable Customer Engagement: Ch. 5

Statistical Methods in Customer Relationship Management: Ch. 9 (Supplementary Reading)

Customer Relationship Management: Ch. 17

– **Assignment:**

In-Class Assignment # 8: Linking CBV to CLV Computation

– **Readings:**

1. “Can Marketing Lift Stock Prices?” V Kumar and Denish Shah, Sloan Management Review, Vol. 52 (4), 2011.

Online Exercise

Harrah’s Entertainment
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Due Wednesday, November

Session 8 Wednesday, November 8

In-Class Test