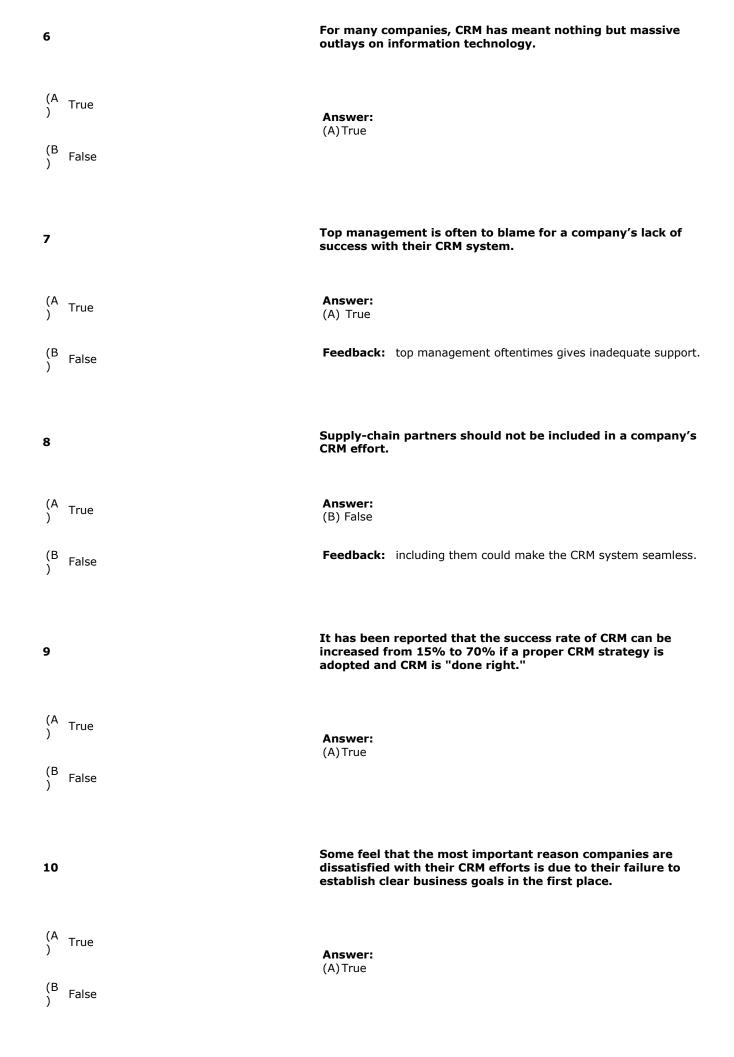**1** **Relationship marketing means that companies should find ways to maintain relationships with all customers because all customers are valuable to a company.**

Answer:

(A) True
(B) False

(A) True

(B) False

Feedback: many customers are unprofitable if they only buy on sale, require high levels of technical support, consistently return merchandise, and tie-up CCC personnel.

2 **Customer database marketing is the same as individualized marketing.**

(A) True

Answer:
(A) True

(B) False

3 **Technology-enabled marketing, dialogue marketing and interactive marketing are all examples of customer database marketing.**

(A) True

Answer:
(A) True

(B) False

4 **Nearly 250,000 magazines and journals can now be found on-line.**

(A) True

Answer:
(B) False

(B) False

Feedback: it is closer to 25,000.

5 **Eddie Bauer found that customer who used the "channel triumvirate" bought ten times more than others.**

(A) True

Answer:
(B) False

(B) False

Feedback: they bought 5 times more than others.

6

For many companies, CRM has meant nothing but massive outlays on information technology.

(A) True

Answer:
(A) True

(B) False

7

Top management is often to blame for a company's lack of success with their CRM system.

(A) True

Answer:
(A) True

(B) False

Feedback: top management oftentimes gives inadequate support.

8

Supply-chain partners should not be included in a company's CRM effort.

(A) True

Answer:
(B) False

(B) False

Feedback: including them could make the CRM system seamless.

9

It has been reported that the success rate of CRM can be increased from 15% to 70% if a proper CRM strategy is adopted and CRM is "done right."

(A) True

Answer:
(A) True

(B) False

10

Some feel that the most important reason companies are dissatisfied with their CRM efforts is due to their failure to establish clear business goals in the first place.

(A) True

Answer:
(A) True

(B) False

11

Customer contact data erodes at a rate of 75% per year.

(A) True

(B) False

Answer:
(B) False

Feedback: 33% per year.

12

CRM technology need not be expensive. Some systems can cost as little as $250.

(A) True

(B) False

Answer:
(A) True

13

Relationship marketing is viewed as a paradigm shift that has reshaped the entire field of marketing.

(A) True

(B) False

Answer:
(A) True

Feedback: relationship marketing with its focus on customer relationships as opposed to one-time transactions has been viewed as a paradigm shift.

14

The creation of functional information silos enabling smooth data transfers within any organization was a major force that drove marketers to begin focusing on customer relationships.

(A) True

(B) False

Answer:
(B) False

Feedback: silos of information in functional areas impede a 360 degree view of the customer.

15

A root cause of CRM was the psychographic studies of the 1970s that led to a better understanding of customers and more efficient mass marketing.

(A) True

(B) False

Answer:
(B) False

Feedback: there were many forces leading to CRM but anything related to improvements in mass marketing would not be one of them.

16

Diffusion of personal computers enabling divisions to analyze

their own customer data contributed to the growth of CRM.

Answer:
(A) True

(A) True

(B) False

Feedback: company division through PCs now had the capability to analyze their own customer data, develop their own marketing programs, and evaluate the results. All enabled them to better serve their customers on a one-on-one basis without the need of the centralized marketing department.

17 CRM was aided by the media which continued to become more and more centralized enabling companies to effectively and efficiently reach customers.

Answer:
(B) False

(A) True

(B) False

Feedback: CRM was effectively diffused, in part, because it was an alternative to mass marketing through the media which is expensive and is difficult to measure.

18 Despite major difficulties in development and execution, recent surveys show that more than 75% of all companies have experienced success with their CRM systems'

Answer:
(B) False

(A) True

(B) False

Feedback: less than half of all companies are satisfied with their CRM systems.

19 Corporate culture and employee attitudes have not proven to be a detriment to CRM development for in most situations, companies and their employees relish the opportunity to better serve their customers.

Answer:
(B) False

(A) True

(B) False

Feedback: global studies have shown that it is not technology that is a barrier; rather, the real barriers appear to be corporate culture and employee attitudes.

20 IT leaders are major determinants of CRM success because of their knowledge of technology as well as business unit needs.

Answer:
(B) False

(A) True

Feedback: successful implementation of CRM requires joint development between IT and line managers for IT leaders working alone cannot develop systems that meet

(B) False   the needs and business goals of line managers.

21

During CRM development, success is dependent upon creating data silos that will allow for smooth data interchanges.

(A) True

Answer:
(B) False

(B) False

Feedback: data silos since they are fragmented throughout a company and serve different needs are difficult to mesh into a corporate-wide CRM system.

22

Studies of CRM implementation have found that the impact on customers is, in fact, greater than the impact on employees.

(A) True

Answer:
(B) False

(B) False

Feedback: shifting the focus from products to customers is a major challenge because it disrupts current operations such as the product manager's orientation in place in many organizations today.

23

CRM is applicable to all members in a vertically aligned network.

(A) True

Answer:
(A) True

(B) False

Feedback: CRM has been expanded to include all members of the channel who might find it beneficial to collaborate.

24

Database construction has been found to be least difficult for firms who have indirect and infrequent interaction with their customers since the data is more manageable.

(A) True

Answer:
(B) False

(B) False

Feedback: it is difficult for such companies to gather data at the customer level and hence, more difficult for them to develop CRM systems.

25

When creating CRM systems, shifting the focus from products to customers is not a major problem since well-developed product management systems are often in place in most companies.

(A True

Answer:
(B) False

)

(B)	False	**Feedback:**	shifting the focus from products to customers is a major challenge in such situation because most companies have a product manager system and their sales force has incentives based on selling products as opposed to servicing customers.

26

CRM systems are too often tied to business goals without consideration of IT concerns.

(A) True

Answer:
(B) False

(B) False

Feedback: the focus is too often on systems, techniques and technologies instead of increasing the value of the customer relationship.

27

The establishment of a program management office to expedite CRM has not proven useful because it is generally not integrated with the rest of the company.

(A) True

Answer:
(B) False

(B) False

Feedback: the PMO generally divides the project into manageable chunks, making it easier to develop.

28

Roughly how many magazines and journals can now be found on-line?

(A) 1500

(B) 5000

(C) 25000

Answer:
(C)25000

(D) 100000

(E) Nearly one million

29

What is a channel triumvirate?

(A) manufacturer, wholesaler, and retailer

Answer:
(D) a combination of brick and mortar stores, catalogs, and the Internet

(B) a three-tiered, vertically-integrated channel

(C) horizontal, concentric, and conglomerate channels

(D) a combination of brick and mortar stores, catalogs, and the Internet

(E) none of the above

30

Which is NOT a reason that outcomes have been unsatisfactory for companies installing CRM solutions?

(A) inadequate top-management support

(B) no CRM champion within the organization

(C) inadequate stochastic statistical frameworks

Answer:
(C) inadequate stochastic statistical frameworks

(D) technology becomes a focus instead of the customer

(E) all of the above are reasons that outcomes have been unsatisfactory

31

Which is NOT a business goal for instituting a CRM system?

(A) reducing high-value customer defections

(B) increasing the number of efficient data-based silos

(C) acquiring more customers

Answer:
(B) increasing the number of efficient data-based silos

(D) cross-selling services

(E) increasing revenue and profit from customers

32

Top management must be involved with a company's CRM initiative in all but which of the following ways?

(A) meshing management science, IT, quantitative methods and marketing research with appropriate hardware solutions

Answer:
(A) meshing management science, IT, quantitative methods and marketing research with appropriate hardware solutions

(B) setting philosophy behind the CRM effort

(C) managing the company's culture change

(D) presenting a detailed case for CRM benefits
)

(E) setting goals for the system

33

Which of the following does NOT apply to relationship marketing?

(A) It is viewed as a paradigm shift that has reshaped the entire field of marketing.

(B) It has paybacks for both the company and its customers.

Answer:
(C) It focuses on the sales transaction.
)

(C) It focuses on the sales transaction.

(D) It focuses on maintaining long-term bonds.
)

(E) It views personalized service as key.

34

Which was NOT a force that drove marketers to begin focusing on customer relationships?

(A) Technological advances in IT enabled companies to record transaction details.

(B) Technological advances enabled companies to enter into dialogue with customers.

(C) Direct marketing efforts enabled companies to enter into one-on-one relationships with their customers.

Answer:
(D) The creation of functional information silos enabled smooth data
)   transfers within any organization.

(D) The creation of functional information silos enabled smooth data transfers within any
)   organization.

(E) Consultants pointed out that customer retention was the key to corporate profitability.

35

Which was NOT a root cause of CRM?

(A) customer satisfaction studies

Answer:
(C) psychographic studies that led to more efficient mass marketing
)

(B) extension of the productive relationships apparent within the B2B environment

(C) psychographic studies that led to more efficient mass marketing

(D) extension of technology implementation beginning with MRP and SAP

(E) improvements in company call centers

36   **Which was NOT a root cause of CRM?**

(A) sales force automation tools captured customer and prospect information

(B) campaign management tools helped contained excessive mass marketing costs

Answer:
(E) all of the above

(C) channel integration techniques gathered customer information from all touch points

(D) diffusion of personal computers enabled divisions to analyze their own customer data

(E) all of the above

37   **Which of the following was a root cause of CRM?**

(A) improvements in gathering of government census data

(B) the success of direct-response marketing, such as direct-mail and toll-free calling

Answer:
(B) the success of direct-response marketing, such as direct-mail and toll-free calling

(C) global integration of company data, making possible a 360 view of customers

(D) ethnographic research, enabling companies to truly understand consumer behavior

(E) all of the above

38   **Mass marketing techniques**

(A) continue to be cost effective based on companies' abilities to measure results.

Answer:
(C) went out of vogue due to companies' inability to measure results.

(B) are successful based on the continued pull of network television and mass oriented national magazines.

(C) went out of vogue due to companies'

inability to measure results.

(D) became useful again through application of SFA and ERP.

(E) are still the underlying force of CRM.

39 | **Which business environmental factor did not lead to companies' use of CRM?**

(A) It was getting harder for companies to differentiate themselves through products and brands alone.

(B) Companies looked to CRM to create close and intimate bonds with their customers.

(C) Media continued to become more and more centralized enabling companies to effectively and efficiently reach customers.

Answer:
(C) Media continued to become more and more centralized enabling companies to effectively and efficiently reach customers.

(D) The pace of life quickened, leading consumers to demand quicker and better service.

(E) all of the above

40 | **Which is true regarding companies' experiences with CRM?**

(A) More than 75% of all companies have experienced success with their CRM systems.

(B) Less than half of all companies are satisfied with their CRM systems.

Answer:
(B) Less than half of all companies are satisfied with their CRM systems.

(C) Companies are surprised to find CRM installation oftentimes comes in under budget.

(D) CRM systems have been widely adopted by small and medium sized enterprises.

(E) C and D are both true

41 | **Which of the following is false regarding companies' experiences with CRM?**

Answer:
(A) Targeted revenue goals, contrary to popular opinion, are most often achieved within 2 years of installation.

(A) Targeted revenue goals, contrary to popular opinion, are most often achieved within 2 years of installation.

(B) Most companies do not have clearly stated goals for their CRM systems.

(C) Charles Schwab recouped its costs more quickly than expected.

(D) The real barrier to effective CRM installation is corporate culture.

(E) all of the above are true

42

The barriers to CRM system installation include all but which of the following?

(A) corporate culture

(B) employee attitudes

(C) lack of a strategic plan for CRM

Answer:
(E) all of the above

(D) extraordinary amount of time involved to install CRM systems

(E) all of the above

43

Which of the following is NOT a barrier to effective CRM installation

(A) a large number of stakeholders are involved

(B) structural changes involved

(C) executive concerns about payback

Answer:
(E) companies focus on individuals as opposed to the mass market

(D) skeptical salespeople

(E) companies focus on individuals as opposed to the mass market

44

With respect to CRM systems

(A) salespeople generally look forward to new technology making their job easier.

Answer:
(B) executives worry about how to manage their business during implementation.

(B) executives worry about how to manage their business during implementation.

(C) data silos will be created allowing for

smooth data interchanges.

(D
)
employees generally look forward to a new challenge.

(E) all of the above

45

Which of the following is, in fact, a way that organizations can overcome barriers to effective CRM implementation?

(A) break data marts into more manageable data warehouses

(B) establish a plan for quantifying goals and objectives

(C) initiate implementation at the channel level

(D
)
establish IT as lead development implementer

(E) A, C and D are correct

Answer:
(B
)
establish a plan for quantifying goals and objectives

46

Studies on CRM implementation have found

(A) that the impact on customers is, in fact, greater than impact on employees.

(B) that 18 months is required on average for successful CRM implementation.

(C) that implementation is more successful when IT and business managers work together.

(D
)
that lead IT groups with a CRM focus lead to more efficient implementation when not encumbered by business managers who lack IT background.

(E) that the average amount spent on CRM systems for SMEs is $180,000.

Answer:
(C
)
that implementation is more successful when IT and business managers work together.

47

Studies on CRM implementation have found that

(A) contrary to popular belief, direction begins from the bottom-up.

(B) those closest to the customer should design the system.

Answer:
(E
)
all of the above are false

(C) IT opinion leaders will make or break the system.

(D) companies spend too much time on developing performance metric standards.

(E) all of the above are false

48

A more expansive notion of CRM includes more constituencies than merely customers. Which of the following is NOT typically covered in the expanded notion of CRM?

(A) suppliers

(B) distributors

(C) household and industrial customers

Answer:
(E) all are covered

(D) facilitating agencies

(E) all are covered

49

Which is FALSE?

(A) CRM is applicable to all members in a vertically aligned network.

(B) CRM is applicable to all members in a valued added partnership.

Answer:
(D) Because CRM has its roots in SAP, employees are now considered part of the VAN.

(C) CRM has been expanded and is often referred to as PRM.

(D) Because CRM has its roots in SAP, employees are now considered part of the VAN.

(E) all of the above are true

50

Select the INCORRECT statement. Campaign management tools

(A) were introduced to contain the growing costs associated with media buys.

Answer:
(B) have basically become obsolete with the growth of e-business.

(B) have basically become obsolete with the growth of e-business.

(C) enable companies to design and coordinate

promotional programs.

(D) enable companies to forecast financial results.

(E) all of the above are true

51

Database construction is

(A) easiest for firms having infrequent interaction with their customers.

(B) easiest for firms having infrequent and indirect customer interaction.

(C) easiest for firms having frequent and direct customer interaction.

Answer:
(C) easiest for firms having frequent and direct customer interaction.

(D) most difficult for firms in VANS and PRMS.

(E) easiest for firms having data silos.

52

Which is INCORRECT? Relational databases contain

(A) customer transaction histories.

(B) all customer contacts through any channel.

(C) demographic and behavior information.

Answer:
(E) all are correct

(D) customer response to company campaigns.

(E) all are correct

53

Which is a true finding with respect to the establishment of CRM systems?

(A) Shifting the focus from products to customers is not a major problem since product management systems are often in place.

Answer:
(B) Marketing, sales, and even engineering should act on data collect by the customer contact center.

(B) Marketing, sales, and even engineering should act on data collect by the customer contact center.

(C) Customer information should never be disseminated to those outside the company in the distribution channel.

(D) Top management is generally unwavering in its support of CRM establishment.

(E) all of the above are true

54   **Legacy systems**

(A) can impede company-wide CRM development.

(B) are generally developed by an IT task force.

Answer:
(A) can impede company-wide CRM development.

(C) are what every organization strives for in CRM development.

(D) are best practice attempts at CRM.

(E) C and D are correct

55   **CRM systems**

(A) should emphasize platform technology first and problem solving second.

(B) should be functional in nature.

(C) are too often tied to business goals without consideration of IT concerns.

Answer:
(E) sometimes consist of CRM suites or CRM point solutions.

(D) work best in functional silos.

(E) sometimes consist of CRM suites or CRM point solutions.

56   **With respect to CRM systems**

(A) technical integration leads to performance integration.

Answer:
(B) CRM systems should benefit marketing, sales, customer service, advertising, IT, and many other departments.

(B) CRM systems should benefit marketing, sales, customer service, advertising, IT, and many other departments.

(C) the "big-bang" approach has proven more

successful than a piece-meal approach.

(D) cost-benefit analysis is not needed since implementation has shown benefits always outweigh costs.the "big-bang" approach has proven more successful than a piece-meal approach.

(E) both B and D are correct

57
"Quick-results" CRM benefits companies in many ways. Which of the following is NOT one of the benefits?

(A) it places IT in the lead

(B) users get to "test the water"

(C) it avoids culture shock

Answer:
(A) it places IT in the lead

(D) it avoids information overload

(E) it combats disenchantment

58
Which of the following is true concerning CRM development?

(A) Marketing and sales must direct IT in terms of what customer data to collect.

(B) The establishment of a program management office to expedite CRM has not proven useful because it is generally not integrated with the rest of the company.

(C) The best sequence of development is functional users set goals and objectives for the system, IT leads development, and a program management office assesses results.

Answer:
(A) Marketing and sales must direct IT in terms of what customer data to collect.

(D) Plan from the bottom-up not the top-down.

(E) Costs generally run 3.5 times their estimate.

59
Difficulties in integrating customer data include all but which one of the following?

Answer:

(A) disparate databases

(B) multiple touch points

(C) inconsistent and old customer data

(E) idiosyncratic-fit

(D) dissimilar applications

(E) idiosyncratic-fit

60

Which of the following CANNOT serve as an indicator of CRM effectiveness?

(A) changes in revenue

(B) changes in margins

(C) change in hierarchy of origin

Answer:
(C) change in hierarchy of origin

(D) change in customer satisfaction

(E) they can all serve as indicators of effectiveness

61

The main touch point for customers is

(A) marketing research.

(B) survey data.

(C) ATMs.

Answer:
(D)CCC.

(D) CCC.

(E) product manager.

62

VAPs are

(A) value added producers.

(B) vertically aligned producers.

Answer:
(E) none of the above

(C) vertically aligned partners.

(D) very able partners.

(E) none of the above