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## **Relationship Marketing**

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### **Course Description**

Concepts such as 'Relational Marketing' or 'Customer Relationship Management' (CRM) emerged in the mid 80s (and were further developed during the 90s) in the context of Business to Business marketing and with the help of information technology. Although CRM was originally used to automate a company's sales force, the idea of managing one's customers is too broad a concept to be defined by a technology, some processes, the idea of automation, or even the centralized management of communication and promotion strategies.

Indeed; CRM is a strategic approach that seeks to maximize the value of customer relationships by relying on fundamental marketing principles and making an efficient use of technology. This approach is characterized by a deep knowledge of individual customers (or small segments of customers), their behaviour, and their preferences. Understanding customers' behaviour and preferences leads to new opportunities not only in terms of creating value **for** the customer but also in terms of co-creating value **with** the customer. Value co-creation is a central piece in the marketing vision that prevails nowadays, and it requires the integration of an organization's functions, processes and individuals in order to be achieved.

With the rise of social networks and the Internet phenomenon, communication occurs not only between companies (B2B) or between customers and companies (B2C), but also exclusively between customers who, on their own, share opinions, talk about their own experiences and place more trust on other customers than on

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the messages sent by companies and their brands. Therefore, value co-creation, customer relationships and the notion of networks are the fundamental pillars that uphold a good customer management strategy.

## Objectives

The main objective of the course is to understand the strategic paradigm of CRM in the contexts of B2C and B2B. This involves an understanding of:

- Integrated customer management plans that use the tools and strategies found in relational marketing.
- Segmentation variables and processes. Dynamic segmentation and granularity; toward individual segments.
- Customer lifecycle: acquisition, retention and development. Economic analysis and business model sustainability. Customer acquisition vs. Customer retention costs.
- Metrics: customer lifetime value, churn rate...
- Implementation of CRM strategies in B2B and B2C; implementation of coverage plans and sales force management.
- Current tools to implement CRM strategies: computer systems, use of social networks, advanced marketing automation tools, and customer data analysis.
- Challenges to implement strategies and processes of Relational Marketing. Best Practices. How to use the information provided by CRM systems and integrate it into the company?
- End-to-end go-to-market processes, from account discovery to end of sale
- Management of pipelines and Sales Forces, with special focus on B2B
- Loyalty plans: how to make consumers loyal to your brand? Cross-selling and up-selling.

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## **Methodology**

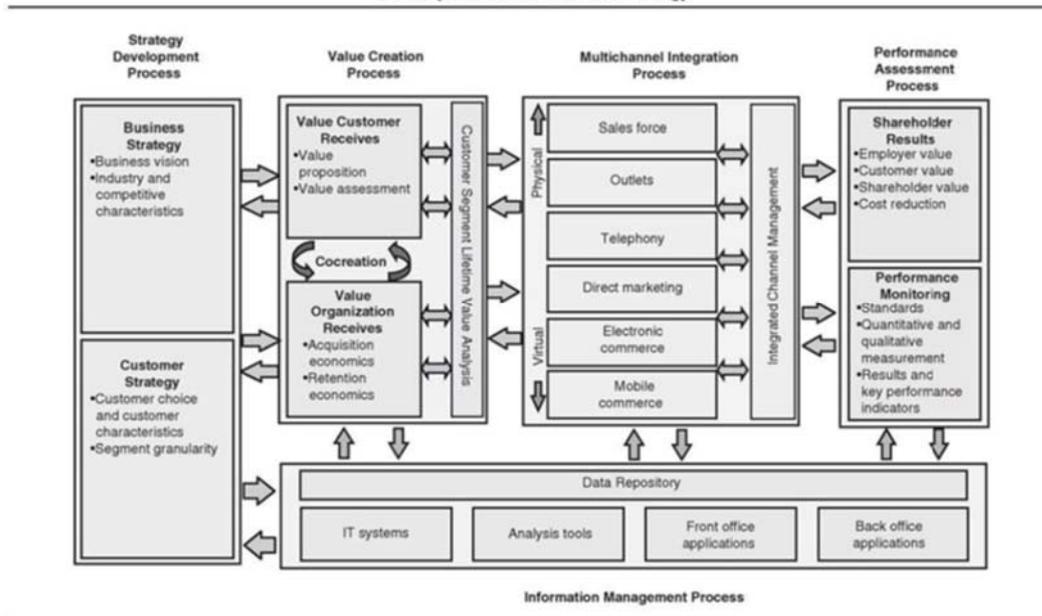
1. The course aims to mix intellectual rigour with a more practical approach focused on understanding how companies actually work. To that effect, several methodologies will be used:
  - Case studies and practical exercises (five in total). Will have to be read in advance and will be discussed and questioned in class.
  - In-class activities about topics announced at that moment. Will be done in small groups.
  - Explanations about theoretical models and frameworks such as the one proposed by Payne and Frow (see below)
  - Assigned readings
  - Sharing comments and experiences about business best practices.

The Payne and Frow framework, *Journal of Marketing* (2005)

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A Conceptual Framework for CRM Strategy



## Evaluation criteria

- Final written exam (1h): 20%.
- Group assignments, given in class on previously read materials: 20%
- Group assignments on pre-given cases: 20%
- Participation and contribution throughout the course: 20%
- Individual assignments, given in class on previously read or discussed materials: 20%

### Important:

In courses that feature a final exam, a minimum grade of **4 out of 10** in the final exam is necessary for the other evaluation criteria to be taken into account when computing the student's overall grade for the course. Therefore, students who obtain less than a 4 out of 10 in the final exam will fail the course automatically. Those students will have to take a remedial exam (more details below).

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**Assistance is extremely important for this course.** Since it encourages work done during class itself, many sessions will include questions and work (either individual or in group) around individually pre-read cases or topics explained during the session itself. No show in one of them will mean a qualification of 0 in it. Final score is given using the average in all that have been submitted.

Courses in the Program will generally include group assignments (case studies, projects etc.). At the end of each term, and in order to disincentivize free-riding behaviors, students will have the opportunity to evaluate the involvement of the rest of their team members in all group assignments that took place within the term. Students who obtain sufficiently poor evaluations from their team members will be penalized. The penalty will involve a reduction in the overall group assignment grades of **all** courses that include group assignments (max penalty: 20% reduction of those grades). More details on the topic are available on eCampus.

All the activities that are submitted past the deadline or that do not follow the submission instructions in terms of content, format, etc. will be considered as 'not submitted'. Students will be informed about the submission and presentation dates the first day of class.

Students are required to attend 80% of classes. Failing to do so without justified reason will imply a Zero grade in the participation/attendance evaluation item and may lead to suspension from the program

As with all courses taught at the UPF BSM, students who fail the course during regular evaluation will be allowed ONE re-take of the examination/evaluation. Students that pass any Retake exam should get a **5 by default as a final grade for the course**. If the course is again failed after the retake, students will have to register again for the course the following year.

In case of a justified no-show to an exam, the student must inform the corresponding faculty member and the director(s) of the program so that they study the possibility of rescheduling the exam (one possibility being during the "Retake" period). In the meantime, the student will get an "incomplete", which will be

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replaced by the actual grade after the final exam is taken. The “incomplete” will not be reflected on the student’s Academic Transcript.

Plagiarism is to use another’s work and to present it as one’s own without acknowledging the sources in the correct way. All essays, reports or projects handed in by a student must be original work completed by the student. By enrolling at any UPF BSM Master of Science and signing the “Honor Code,” students acknowledge that they understand the schools’ policy on plagiarism and certify that all course assignments will be their own work, except where indicated by correct referencing. Failing to do so may result in automatic expulsion from the program.”

## Calendar and Contents

Session	Topic	Content	Readings and case studies
1	Introduction to the course and main basics of RM	<ul style="list-style-type: none"> <li>• Course presentation.</li> <li>• The history of ‘Relational Marketing’; evolution and comparison to traditional marketing.</li> <li>• The value of relationships.</li> <li>• The CRM paradigm in the contexts of B2B and B2C. Review of the Payne and Frow framework.</li> <li>• Introduction to the main variables to measure in Relational Marketing.</li> <li>• Value co-creation.</li> </ul>	<ul style="list-style-type: none"> <li>• “A Strategic Framework for Customer Relationship Management”. Payne and Frow, JM 2005.</li> <li>• “Rethinking Marketing” Roland T. Rust. Christine Moorman, and Gaurav Bhalla, HBR 2010.</li> </ul>
2	The process of customer value creation in practice; implementation of CRM processes in B2C.	<ul style="list-style-type: none"> <li>• New business models. Guest lecturer: expert in on-line CRM sales &amp; marketing. Marketing manager.</li> </ul>	Presentation and discussion of the Groupon business model and other B2C cases

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3	Customer segmentation using Relational Marketing strategies and metrics.	<ul style="list-style-type: none"> <li>• The value of a client: Customer lifetime value (CLTV)</li> <li>• Churn rates</li> <li>• Payback period</li> <li>• ...</li> </ul>	Case presentation (in groups): Tyco Mobiles
	Introduction to B2B environments and their CRM. Impact of Supply Chain decisions in B2B	<ul style="list-style-type: none"> <li>• B2B vs B2C</li> <li>• Main characteristics of these markets</li> <li>• How to manage, from both the seller and the buyer perspectives</li> </ul>	Discussion and questions around the case study (reading in-class): "Eagersaver"
4	Basics of a Go-to-Market (GTM) strategy in the B2B environment.	<ul style="list-style-type: none"> <li>• The importance of a strategy based on data bases and Market Intelligence in the B2B environment.</li> <li>• The process of building and managing a customer data base.</li> <li>• Different uses of the data base in a GTM strategy.</li> </ul>	Discussion and questions around the case study (pre-read): "HP Graphic Arts Market CRM Strategy"
5	Managing the different customer segments in a B2B environment.	<ul style="list-style-type: none"> <li>• Customer segmentation strategies in B2B.</li> <li>• GTM decisions based on the segmentation strategy.</li> <li>• Effective management of the different customer segments.</li> <li>• Strategic customers and Account Management.</li> </ul>	Discussion and debate around the case study (pre-read): "Harvard Business Review article on Managing Major Accounts"
6	Management and profitability of the different customer segments.	<ul style="list-style-type: none"> <li>• Different methods to estimate customer value.</li> <li>• Design decisions about the customer experience and their relationship with the company.</li> <li>• Alignment between the business strategy, the organizational structure,</li> </ul>	Discussion and debate around the case study (pre-read): "Gestión de relaciones y rentabilidad de los clientes en el RBC Financial Group (condensado)"

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		and the performance evaluation systems.	It is required to read it individually beforehand.
7	Implementation of customer management processes and tools in a B2B environment.	<ul style="list-style-type: none"> <li>The organization of a sales and marketing team oriented towards the different customer segments.</li> <li>Designing effective GTM processes and information flows based on the customer segment.</li> <li>CRM tools to implement the different decided-upon processes.</li> </ul>	<p>Assigned readings:</p> <p>“The B2B Refinery”, J. David Green &amp; Michael C. Salyor</p> <p>“Fundamentals of Business to Business. Sales &amp; Marketing”, John M. Coe</p>
8	Analysis of the chain of relations within a distribution scheme, its value and impact of associated decisions	<ul style="list-style-type: none"> <li>Different options of distribution and commercial relationships existing</li> <li>Strategic decisions to be taken and its impacts in business</li> <li>The need of a careful analysis for choosing the best possible alternative and its associated GTM</li> </ul>	<p>Discussion and debate around the case study (pre-read):</p> <p>“Aqualisa, just a better shower (HBS)”</p>
9	Implementation challenges of CRM strategies and systems in organizations.	<ul style="list-style-type: none"> <li>Integral CRM strategies in organizations.</li> <li>Objectives and predicted impact of their implementation.</li> <li>Main challenges and recommended best practices.</li> </ul>	<p>Discussion and debate around the case study (pre-read):</p> <p>“CRM Excellence at KLM Royal Dutch Airlines”</p>
10	<p>Final Case presentation</p> <ul style="list-style-type: none"> <li>Customer development and customer retention</li> </ul>	<ul style="list-style-type: none"> <li>Customer loyalty</li> <li>Cross-selling</li> <li>Up-selling</li> <li>Metrics, metrics and more metrics.</li> </ul>	<p>Case presentation, in groups: Harrah’s Entertainment</p> <p>The presentation must have been prepared beforehand.</p>

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	Final exam		Written, individual (2h max)
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Important note: Some readings must be done individually and before the classes. They will be available in UPF virtual campus well in advance

## Reading Materials/ Bibliography/Resources

- "A strategic framework for Customer Relationship Management", Adrian Payne and Pennie Frow. Journal of Marketing, Vol 69 (Octubre 2005), pp167-176.
- "Customer centric leadership: How to manage strategic customers as assets in B2B markets", C. Senn, A. Thoma and G.S. Yip, California Management Review, 2013
- "Customer centricity", Peter Fader, Wharton Executive Education, 2011
- "Managing customers for profit", V. Kumar, Wharton School Publishing, 2008
- "Harvard Business Review on customer relationship management" -- Boston : Harvard Business School Publishing, 2001
- "Customer relationship Management. Perspectives from the marketplace", Simon Knox, Stan Maklan, Adrian Payne, Joe Peppard & Lynette Ryals, Butterworth Heinemann, 2003
- "Customer loyalty: how to earn it how to keep it", Jill Griffin, Jossey Bass, 2002
- "Zero defections: quality comes to services", Frederick Reichheld & W. Earl Sasser, Harvard Business review, September-October 1990
- "The ultimate question", Frederick Reichheld, Elsevier, 2006
- "The customer loyalty solution", Athur Middleton Hughes, Mc Graw Hill, 2003

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- "The one to one manager: real-world lessons in customer relationship management" / Don Peppers & Martha Rogers -- New York: Doubleday, 2002
- "Return on Customer": A revolutionary way to measure and strengthen your business" / Don Peppers & Martha Rogers -- Doubleday, 2005
- "The B2B refinery". "An executive guide for improving GTM ROI through greater Sales & Marketing Efficiency". J. David Green & Michael C. Saylor, 2007.
- "Fundamentals of Business to Business Sales & Marketing". John M. Coe. McGraw-Hill, 2003
- Interesting websites:
  - [www.peppersandrogersgroup.com](http://www.peppersandrogersgroup.com) ("Mother & father" of One-to-One Marketing (highly recommended their Newsletter "1to1 Media")
  - [www.copernicusmarketing.com](http://www.copernicusmarketing.com) (Relational & Analytic Marketing)
  - [www.wunderman.com](http://www.wunderman.com) (Lester Wunderman, "Father" of Direct Marketing)

### **Bio of Professor**

Among other positions: Sales and Marketing Mgr, Procurement Mgr and CRM World Wide Project Manager at HP Inc. Holds an MBA from ESADE, a Supply Chain Post Graduate from Stanford University, and a Telecommunications Engineering Master Degree from Universidad Politécnica of Madrid.

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