

***Enterprise Systems for Management, 2e (Motiwalla/Thompson)***  
**Chapter 12 Customer Relationship Management**

1) CRM implementations should be technology driven.

Answer: FALSE

Diff: 2 Page Ref: 333

2) CRM stands for "Customer Reporting Management."

Answer: FALSE

Diff: 1 Page Ref: 333

3) CRM is a brand new concept.

Answer: FALSE

Diff: 1 Page Ref: 333

4) CRM provides support for front-end customer facing functionality.

Answer: TRUE

Diff: 1 Page Ref: 334

5) Organizations first implemented CRM to capture customer data for analysis.

Answer: TRUE

Diff: 2 Page Ref: 334

6) Allowing customers to obtain information via Internet-based inquiries helped organizations to scale up their call center operations.

Answer: FALSE

Diff: 3 Page Ref: 335

7) CRM systems made personalized marketing and customized promotions more feasible.

Answer: TRUE

Diff: 2 Page Ref: 335

8) CRM systems lack integration with the enterprise wide data collection and analysis systems.

Answer: FALSE

Diff: 2 Page Ref: 336

9) The use of CRM systems has triggered some concerns about infringing on individual privacy.

Answer: TRUE

Diff: 2 Page Ref: 336

10) Internet technologies are not very useful for collecting consumer data.

Answer: FALSE

Diff: 2 Page Ref: 336

11) Customer tracking and profiling are key tools for effective CRM.

Answer: TRUE

Diff: 2 Page Ref: 338

12) The Internet makes it easier for customers to switch vendors.

Answer: TRUE

Diff: 2 Page Ref: 338

13) CRM systems are not oriented towards delivering strategic value for an organization.

Answer: FALSE

Diff: 2 Page Ref: 338

14) Improving communication and reducing costs are examples of tactical benefits of a CRM system.

Answer: TRUE

Diff: 3 Page Ref: 338

15) Analytical CRM systems provide front and back-end support for sales and marketing.

Answer: FALSE

Diff: 2 Page Ref: 338

16) Operational CRM systems improve the efficiency of CRM delivery and support processes.

Answer: TRUE

Diff: 3 Page Ref: 338

17) Analytic CRM systems make use of sophisticated data warehousing and data mining software.

Answer: TRUE

Diff: 2 Page Ref: 339

18) Vlogs are examples of common channels for collaborative CRM systems.

Answer: FALSE

Diff: 3 Page Ref: 339

19) The CRM portal helps to integrate all the different channels for interacting with the customer.

Answer: TRUE

Diff: 2 Page Ref: 339

20) A good CRM system can automate all the customer relationships.

Answer: FALSE

Diff: 2 Page Ref: 339

21) The key goal of campaign management is to generate "leads."

Answer: TRUE

Diff: 1 Page Ref: 339

22) The goal of service management is to convert leads into customers.

Answer: FALSE

Diff: 2 Page Ref: 339

23) The focus of market research is finding ways to increase the duration and intensity of customer relationships.

Answer: FALSE

Diff: 3 Page Ref: 339

24) A good CRM system requires a closed knowledge management loop which consolidates, analyzes and shares the customer information.

Answer: TRUE

Diff: 3 Page Ref: 340

25) Customer profiling makes it harder to have individualized contact with a customer.

Answer: FALSE

Diff: 2 Page Ref: 340

26) Some of the current CRM vendors originally started off in the SCM market.

Answer: FALSE

Diff: 3 Page Ref: 341

27) SFA tools help sales personnel to track sales leads and contact with customer.

Answer: TRUE

Diff: 2 Page Ref: 341

28) The call center has become a common source for customers to find quick answers to complex technical questions.

Answer: FALSE

Diff: 3 Page Ref: 341

29) The growth in data being generated by web-driven business has been a driver for data mining and analytics functionality.

Answer: TRUE

Diff: 2 Page Ref: 341

30) No single CRM software package can provide all the functionality needed for a comprehensive CRM system.

Answer: TRUE

Diff: 3 Page Ref: 341

31) Typical CRM systems follow a cloud architecture.

Answer: FALSE

Diff: 2 Page Ref: 342

32) A company may also choose a hosted architecture where the CRM vendor runs and maintains the CRM applications and data on their own web site.

Answer: TRUE

Diff: 2 Page Ref: 343

33) Improvements in the speed and security of the Internet have recently spurred interest and demand for in-sourced CRM systems.

Answer: FALSE

Diff: 2 Page Ref: 343

34) One key concern about hosted CRM applications is that they do occasionally experience downtime and this can really hurt the company whose application is hosted.

Answer: TRUE

Diff: 2 Page Ref: 343

35) The hardware requirements document will outline what the new CRM system capabilities should be. So this is a crucial document in the CRM implementation.

Answer: FALSE

Diff: 2 Page Ref: 345

36) Hosted CRM systems have become an attractive alternative for small and large sized firms.

Answer: FALSE

Diff: 2 Page Ref: 345

37) Paying a CRM vendor to host your CRM applications is a less expensive alternative to purchasing licenses to CRM software and running it yourself.

Answer: TRUE

Diff: 2 Page Ref: 345

38) CRM project deadlines should be firm to account for the organizations ability to change and not simply adhering to a delivery schedule set by a vendor.

Answer: FALSE

Diff: 2 Page Ref: 345

39) At the beginning of a CRM implementation, management and personnel should agree on the metrics that need to be captured by the software.

Answer: TRUE

Diff: 2 Page Ref: 346

40) It is easier and more economical to implement an ERP with a CRM system.

Answer: FALSE

Diff: 2 Page Ref: 346

41) CRM should not be implemented as a(n) \_\_\_\_\_ system or all at one time.

A) core

B) transactional

C) inter-organizational

D) single

Answer: D

Diff: 2 Page Ref: 347

42) When implementing CRM, there must be \_\_\_\_\_ not only from management but also from individual users and departments.

- A) planning
- B) buy-in
- C) data
- D) decisions

Answer: B

Diff: 2 Page Ref: 347

43) Implementing a CRM system is difficult because there is/are \_\_\_\_\_ of CRM functions scattered across a variety of different business areas.

- A) vendors
- B) networks
- C) pieces
- D) data sharing

Answer: C

Diff: 2 Page Ref: 347

44) Every CRM system is unique and must be \_\_\_\_\_ to the needs of the organization.

- A) customized
- B) processed
- C) analyzed
- D) reverse engineered

Answer: A

Diff: 2 Page Ref: 347

45) Management must decide to go with a \_\_\_\_\_ CRM solution or select a single vendor to support all the CRM requirements.

- A) expanded
- B) web-enabled
- C) reengineered
- D) best-of-breed

Answer: D

Diff: 3 Page Ref: 347

46) In recent years, the CRM market is moving towards \_\_\_\_\_ vendors due to consolidation, mergers and acquisitions among CRM software vendors.

- A) improved
- B) bigger
- C) fewer
- D) more

Answer: C

Diff: 1 Page Ref: 347

47) Because they collect and organize consumer data and make it easier to share it, CRM systems have come under fire for \_\_\_\_\_ and ethical violations.

- A) security
- B) information
- C) privacy
- D) business

Answer: C

Diff: 2 Page Ref: 347

48) Legislation has been passed that restricts collecting data from \_\_\_\_\_ even though they are a powerful buying segment.

- A) religious groups
- B) political groups
- C) children
- D) ethnic groups

Answer: C

Diff: 1 Page Ref: 347

49) Many companies have pledged not to \_\_\_\_\_ collected data to outside vendors.

- A) process
- B) sell
- C) report
- D) aggregate

Answer: B

Diff: 2 Page Ref: 347

50) CRM provides a(n) \_\_\_\_\_ relationship with the consumers to improve their buying experience.

- A) synchronized
- B) integrated information
- C) one-on-one
- D) beneficial

Answer: C

Diff: 2 Page Ref: 347

51) The second generation of CRM systems provided a(n) \_\_\_\_\_ view of every customer interaction with the organization.

- A) planned
- B) holistic
- C) transactional
- D) collaborative

Answer: B

Diff: 2 Page Ref: 347

52) CRM systems provide unique, real-time experiences to the consumers based on their \_\_\_\_\_; namely, their physical location and current needs.

- A) core process
- B) context
- C) profile
- D) situation

Answer: B

Diff: 3 Page Ref: 347

53) CRM systems can be categorized based upon their \_\_\_\_\_, business strategy, and implementation perspectives.

- A) functionality
- B) level of data sharing
- C) tactical impact
- D) value chain alignment

Answer: A

Diff: 3 Page Ref: 348

54) The customer relationship process can be divided into the \_\_\_\_\_, support, and analytical processes.

- A) maintenance
- B) marketing
- C) acquisition
- D) delivery

Answer: D

Diff: 3 Page Ref: 348

55) Successful CRM systems require the integration of people, \_\_\_\_\_ and technology.

- A) consumer data
- B) networks
- C) best practices
- D) processes

Answer: D

Diff: 2 Page Ref: 348

56) \_\_\_\_\_ is/are **not** a major component of a CRM system.

- A) Market research tools
- B) Sales force automation software
- C) Supply chain management software
- D) Support tools

Answer: C

Diff: 2 Page Ref: 348

57) With the increasing costs of hosting and maintaining CRM systems, many companies have been forced to opt for a(n) \_\_\_\_\_ hosted CRM solution.

- A) thin-client
- B) middleware
- C) component-based
- D) EAI

Answer: A

Diff: 3 Page Ref: 348

58) CRM systems must be a part of the overall corporate strategy and must never focus on just being a \_\_\_\_\_ solution.

- A) marketing
- B) data conversion
- C) technology
- D) tactical

Answer: C

Diff: 2 Page Ref: 348

59) A recent Gartner study showed that \_\_\_\_\_ percent of all CRM initiatives fail.

- A) 30
- B) 50
- C) 75
- D) 80

Answer: C

Diff: 3 Page Ref: 333

60) As opposed to an ERP system, CRM systems provide support for \_\_\_\_\_ functionality such as marketing, sales, and customer service.

- A) database
- B) front-end
- C) back-end
- D) application

Answer: B

Diff: 2 Page Ref: 334

61) The focus of a CRM system should be always be on enhancing the \_\_\_\_\_ experience.

- A) user
- B) designer
- C) customer
- D) manager

Answer: C

Diff: 1 Page Ref: 333



62) CRM began in response to a changing market environment as mass marketing gave way to focused segment marketing and finally, target marketing to a(n):

- A) focus group.
- B) core customers.
- C) niche player.
- D) individual.

Answer: D

Diff: 2 Page Ref: 334

63) By using technology to analyze consumer data, companies found that \_\_\_\_\_ sales to loyal, repeat customers is much more profitable than acquiring new customers.

- A) new
- B) incremental
- C) special
- D) non-standard

Answer: B

Diff: 3 Page Ref: 335

64) In CRM systems, a customer file is started from an initial point of \_\_\_\_\_, whether it is a phone call inquiry or a purchased lead.

- A) networking
- B) demand
- C) marketing contact
- D) service support

Answer: C

Diff: 2 Page Ref: 335

65) A holistic view of a client's sales may reveal that the cost of marketing, selling, and servicing the client \_\_\_\_\_ much of the profit realized by a sale.

- A) produces
- B) augments
- C) determines
- D) negates

Answer: D

Diff: 2 Page Ref: 335

66) Companies develop a marketing \_\_\_\_\_ of every customer by observing buying patterns and combining this with demographic data.

- A) log
- B) profile
- C) call center
- D) CRM system
- E) none of the above

Answer: B

Diff: 2 Page Ref: 339

67) The focus of \_\_\_\_\_ technology is on facilitating better communication between a customer and a telephone operator.

- A) log
- B) marketing profile
- C) call center
- D) CRM system
- E) none of the above

Answer: C

Diff: 2 Page Ref: 339

68) True CRM brings together information from all the \_\_\_\_\_ sources within an organization.

- A) software
- B) hardware
- C) data
- D) process
- E) none of the above

Answer: C

Diff: 1 Page Ref: 339

69) The \_\_\_\_\_ server houses the backend database and possibly retrieves information from other database systems in the company.

- A) cloud
- B) database
- C) client
- D) web
- E) none of the above

Answer: B

Diff: 2 Page Ref: 342

70) The CRM \_\_\_\_\_ server provides an extranet access point for external users such as vendors.

- A) cloud
- B) database
- C) client
- D) web
- E) none of the above

Answer: D

Diff: 3 Page Ref: 342

71) CRM systems typically process \_\_\_\_\_ information such as customer contact data and profiles.

- A) ill defined
- B) random
- C) incomplete
- D) well structured
- E) none of the above

Answer: D

Diff: 3 Page Ref: 343

72) Unstructured information such as documents and memos are provided to the CRM system by \_\_\_\_\_ systems.

- A) knowledge management
- B) cloud
- C) client
- D) web
- E) none of the above

Answer: A

Diff: 3 Page Ref: 343

73) When beginning a CRM implementation, a company should focus on the \_\_\_\_\_ of the CRM project before considering possible technology solutions.

- A) cloud
- B) database
- C) client
- D) goals
- E) none of the above

Answer: D

Diff: 2 Page Ref: 343

74) Salesforce.com is an example of a CRM application \_\_\_\_\_ provider and offers a quicker implementation and less expensive CRM option.

- A) service
- B) cloud
- C) client
- D) web
- E) none of the above

Answer: A

Diff: 3 Page Ref: 345

75) CRM should be viewed as a strategic business solution and not a \_\_\_\_\_ solution.

- A) cloud
- B) technical
- C) client
- D) web
- E) none of the above

Answer: B

Diff: 2 Page Ref: 346

76) Why is it important that CRM be customer-driven rather than technology-driven?

Answer: This is because that to be successful, CRM implementations must involve an understanding of people, processes, and systems rather than just focusing on a narrowly defined IT application. Successful CRM necessitates that people change attitudes and that customer-facing processes change too. It is too often the case that companies just want to buy the CRM software and turn it on and then forget about it. This is one reason why they have such high failure rates.

Diff: 2 Page Ref: 333

77) What is CRM? How has it evolved?

Answer: CRM is Customer Relationship Management and it is an approach that offers to provide a better customer experience and do it more efficiently. As such, it combines corporate strategy, business methodology, and technology to meet a wide set of goals for companies. It is not a new idea, but as a technology, grew out of simple sales force automation applications and databases where salespeople wanted to store all their customer contact information. Gradually other applications were added in such as marketing automation and call center support. Then business analytics were added in to support all of the various functional areas of CRM.

Diff: 2 Page Ref: 333

78) Why are some consumer advocates upset with the growth of CRM?

Answer: The main reason that some consumer advocates are speaking out against CRM is because they view it as an invasion of individual privacy. One of the main purposes of CRM is to make it easy to view all of the data and transactions for each customer. This means that a wide range of data must be combined in order to get the 360 degree view of the customer. Companies also use the systems to create complex and detailed profiles about each customer that can be used to predict their behavior. However, this same data in the wrong hands can be a real danger to individuals so it is important that precautions are taken.

Diff: 2 Page Ref: 336

79) How is the focus of CRM now shifting from its tactical to its strategic impact?

Answer: With the growth of the Internet the possibilities of CRM have increased. Initially, companies used CRM to add tactical value by decreasing costs and improving customer-focused processes. Now, with the Internet and other changes, CRM is used more to increase brand loyalty and add value by attracting more customers. The basic idea is that CRM can be used in creative new ways to create a unique and meaningful experience.

Diff: 3 Page Ref: 337

80) Describe the different ways of categorizing CRM.

Answer: There are three general ways of thinking and talking about CRM. First, one can look at CRM purely from a functional perspective. In this view, there are two types of CRM; either sales force automation or customer support related. From a business strategy perspective one can view CRM as a business, technology, or customer relationship initiative. From an implementation perspective, CRM systems can be operational, analytical, or collaborative in their focus. Each perspective helps to explain the complex facets of CRM.

Diff: 3 Page Ref: 337

81) How should CRM be integrated with customer delivery processes?

Answer: Delivery processes focus on direct contact with the customer to support the sequence of activities to solve a specific problem such as buying a car. So the key customer delivery processes should include campaign management, sales management, service management, and complaint management. All of these processes involve direct contact with the customer and CRM should make it easier for companies to provide these services to customers.

Diff: 3 Page Ref: 339

82) How is CRM integrated with the processes associated with data analysis?

Answer: To properly analyze customer data, CRM should be integrated with the collection, processing, consolidation, and analysis of all the data collected from the other CRM processes. It can be used to help better target and identify various market segments and integrate this with campaign management. It can also be used to find buying patterns and combine this with demographic data to create customer profiles and predict buying behavior.

Diff: 3 Page Ref: 339

83) What might a typical CRM architecture look like? What factors should be taken into consideration when designing a CRM architecture?

Answer: Typical CRM systems generally follow a client/server architecture. This architecture consists of an application server, a database server for the back end database, and a Web server. The Web server will be important if users will have access to the CRM applications via the Internet. The main factors of interest would be to consider how well it processes queries, how easily the system can grow to accommodate more users, how easy it is for users to access, and how secure it is.

Diff: 3 Page Ref: 341