

# Customer Relationship Manager Interview Questions And Answers Guide.



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# Customer Relationship Manager Job Interview Preparation Guide.

### Question # 1

What is CRM?

#### Answer:-

CRM stands for Customer Relationship Management.

The literal and original meaning of the expression "Customer Relationship Management" was, simply, managing the relationship with your customer. Today it is used to describe IT systems and software designed to help you manage this relationship.

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### Question # 2

Can you please tell us something about yourself?

#### Answer:-

This is a most common interview question that is asked in almost every customer relationship manager job interview so you must be prepared about this very carefully. Here, I want to tell how you should get over this question easy and comfortably; many times we see that people respond this question talking about their personal life but that is completely wrong. By this question an interviewer wants to know about your abilities & how you demonstrate yourself so, you should start speaking from academics and end it on your last job profile & if you are a fresher then show off your strengths and about your projects and summer training that you've handled during the academics

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### Question # 3

What salary are you looking for as Customer Relationship Manager?

#### Answer:-

This is another commonly asked question in any job interview. By this question about CRM interview question and answer interviewer wants to know about your financial need because everybody does work hard to be financially sound. But here rather saying that I was earning \$25,000 - so, now I'm looking forward \$30000. This is a wrong way; you should avoid saying exact number of your need.

You can say that "I am more interested in role than the pay so I could expect to be paid the appropriate amount for this role, based on my five years of experience.

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### Question # 4

What are your expectations for CRM in the next five years?

#### Answer:-

First, I expect CRM to become much more commonplace. Players like Zoho and 37signals (Highrise) are knocking down barriers to entry. I also expect to see some consolidation. I think the bigger players, like Salesforce, Microsoft, and SAP, will buy up some of their smaller rivals to build into their suites and migrate their user bases. As long as the acquiring provider keeps the connections intact during the migration and meets a similar price point, it will be a win-win. I also think we'll be seeing more mobile-friendly applications, like Salesforce's Visualforce and NetSuite's iPhone, to maximize data access and timeliness.

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### Question # 5

Does CRM fall more to sales or marketing in most organizations?

#### Answer:-

In my experience, marketing is somewhat of a new concept in CRM. Sales is definitely involved, but most often it is operations leading the charge.

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### Question # 6

What is Customer Relationship Management (CRM)?

#### Answer:-



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There can be multiple definitions of CRM from different perspectives -

From the viewpoint of the Management, CRM can be defined as an organized approach of developing, managing, and maintaining a profitable relationship with customers.

By equating the term with technology, the IT organizations define CRM as a software that assists marketing, merchandising, selling, and smooth service operations of a business.

As per Francis Buttle, World's first professor of CRM, it is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to a target customer at profit. It is grounded on high quality customer data and information technology.

The primary goal of CRM is to increase customer loyalty and in turn improve business profitability.

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### **Question # 7**

What are the most common mistakes you see companies make with CRM?

**Answer:-**

Many organizations use Outlook BCM or Excel for managing their contacts, which offer no planning or setup process - just create a column or type in a field and get started. This causes problems when information is related and the flexible aspects of the previous solution are overlooked. There are real benefits that won't happen without understanding the new vernacular; the specific way the new solution describes the data. For example, an "account" in Salesforce may not be the same as an "account" in Highrise. In fact, it might have another name altogether, such as "company." Understanding how the particular vendor uses "leads" or "opportunities" will help to avoid a great deal of frustration.

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### **Question # 8**

What are CRM Types?

**Answer:-**

CRM systems are divided based on their prominent characteristics. There are four basic types of CRM systems -

- \* Strategic CRM
- \* Operational CRM
- \* Analytical CRM
- \* Collaborative CRM

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### **Question # 9**

What is Marketing Automation?

**Answer:-**

Marketing automation involves market segmentation, campaigns management, event-based marketing, and promotions. The campaign modules of Marketing Automation enable the marketing force to access customer-related data for designing, executing and evaluating targeted offers, and communications.

Event-based (trigger) marketing is all about messaging and presenting offers at a particular time. For example, a customer calls the customer care number and asks about the rate of interest for credit card payment. This event is read by CRM as the customer is comparing interest rates and can be diverted to another business for a better deal. In such cases, a customized offer is triggered to retain the customer.

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### **Question # 10**

What are Objectives of CRM?

**Answer:-**

The most prominent objectives of using the methods of Customer Relationship Management are as follows -

Improve Customer Satisfaction - CRM helps in customer satisfaction as the satisfied customers remain loyal to the business and spread good word-of-mouth. This can be accomplished by fostering customer engagement via social networking sites, surveys, interactive blogs, and various mobile platforms.

Expand the Customer Base - CRM not only manages the existing customers but also creates knowledge for prospective customers who are yet to convert. It helps creating and managing a huge customer base that fosters profits continuity, even for a seasonal business.

Enhance Business Sales - CRM methods can be used to close more deals, increase sales, improve forecast accuracy, and suggestion selling. CRM helps to create new sales opportunities and thus helps in increasing business revenue.

Improve Workforce Productivity - A CRM system can create organized manners of working for sales and sales management staff of a business. The sales staff can view customer's contact information, follow up via email or social media, manage tasks, and track the salesperson's performance. The salespersons can address the customer inquiries speedily and resolve their problems.

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### **Question # 11**

What is Collaborative CRM?

**Answer:-**

Collaborative CRM is an alignment of resources and strategies between separate businesses for identifying, acquiring, developing, retaining, and maintaining valuable customers. It is employed in B2B scenario, where multiple businesses can conduct product development, market research, and marketing jointly.

Collaborative CRM enables smooth communication and transactions among businesses. Though traditional ways such as air mail, telephone, and fax are used in communication, collaborative CRM employs new communication systems such as chat rooms, web forums, Voice over Internet Protocol (VoIP), and Electronic Data Interchange (EDI).

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### **Question # 12**

Evolution of Customer-Supplier Relationship?

**Answer:-**

F. Robert Dwyer, a marketing professor at Lindner College of Business states five phases through which a customer-supplier relationship evolves



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Awareness - The parties come in contact with each other and see each other as a possible customer or supplier.

\* Exploration - The parties find out more about one another's capabilities and business prospects. Trial purchasing takes place and performance is assessed. If deal is not smooth then the relationship terminates with the damage of less costs.

\* Expansion - It is composed of attraction, communication, bargaining, development of rules, and development of expectations from each other.

\* Commitment - Trust begins to develop and deals are executed as per the norms and expectations. Mutual understanding and cooperation develops, and number of transactions start building up.

\* Dissolution - Not all relationships can survive. Some relationships are terminated either bilaterally (both parties agree to end) or unilaterally (one party decides to end). If it is bilateral decision then both parties retrieve the invested amount and resources. Supplier exits relationship in case of failure to contribute sales volume or profit. Customer ends relationship unilaterally due to changes in product requirement, repeated servicing failure, etc.

Dissolution can be avoided by reducing cost-to-serve.

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### **Question # 13**

What is Theory by Anglo-Australian School?

**Answer:-**

It states that relationships are important not only from the viewpoint of customers but also from the angle of stakeholders of the business such as employees, suppliers, and government. It also found out that customer's satisfaction and customer retention are value drivers of any business.

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### **Question # 14**

A relatively small customer asks you to deliver some new features within a very short time. How would you respond to such a situation?

**Answer:-**

In such a situation, it's critical to look at a couple of things:

1. The current size of the customer vs. its growth potential going forward.
2. The brand value that this customer brings to your organization.
3. The level of commitment that this customer has shown towards your organization since they've been on-board.

With these points in mind, one could argue the ROI of such a request with the internal Product Management teams. Internally, you'd need to evaluate the long term implications of developing such a feature. Does this feature have widespread requirement? Would this enable your sales team to close more deals? How well does this new ability resonate with your other customers? and finally, is this feature a logical extension of your company's vision for the product?

There's no Yes or No answer to such a situation. It'll all depend on the outcome of all the above mentioned scenarios.

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### **Question # 15**

A customer is willing to commit a greater amount of revenue for you if you develop certain features / enhancements for them. As an industry and a solution expert, you know that this new enhancement would be a waste of time and money for the customer, but easy money for your company. How do you approach this situation?

**Answer:-**

This is a tricky situation. While on one hand, this might seem like easy money. Your team wouldn't have to spend too much time making this happen, but you know for a fact that this won't be helpful for the customer in the long run. Here's how I choose to answer this question:

It's critical to understand the end goal that the customer is trying to achieve. At times, the goal itself may be irrelevant and you as an RM would have to politely educate the customer of the long term implications of such a goal. Contrarily, you could leverage this opportunity to prove to the customer that you're not just in it for the money, but for a long term partnership based on trust and ethics. You'd have to give the customer the complete picture of why you think this wouldn't be a wise investment of their money. Here, it's very important to suggest alternatives to your customer, if you think that their need is genuine, but the solution approach needs to be changed.

Remember, you might gain this extra money today, but potentially lose your customer in the long run.

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### **Question # 16**

What are some of the most common engagement techniques you'd adopt to manage your client relationships?

**Answer:-**

Here are some of the ways that I've experimented with:

1. A bi-monthly newsletter highlighting some specific features of your solution. The audience would be the end users.
2. Sharing a new release video with your end users.
3. Creating a custom video for your users talking about the overall benefits of using your solution.
4. Usage analysis to gauge end user adoption of your product. Identify the power users and encourage them to work with their un-adopting peers. Offer a small reward or recognition in return for helping you.
5. Offer quick training on specific features.
6. Engage with both the top level management, and the end users, all the time. Make sure you're all on the same page.
7. Keep an eye for growing the footprint, and any other competitor lurking in the background. Make friends with the end users who wouldn't hesitate to give you some of the internal details of conversations.

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### **Question # 17**

What exactly should I be expecting CRM to do for me?

**Answer:-**

This is an important question, as there are many misconceptions about software and CRM in particular. Besides some fundamentals, like data security and access and ease of use, CRM will primarily help you do what you do anyway, but move it to the next level. If your main focus is customer service, CRM will help you monitor, deliver, and measure your effectiveness. If your goal is a flat organization where the right hand knows immediately what the left hand is doing, CRM will help you be informed about the customer's world and not just what relates to your department or team.

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### **Question # 18**

What is Sales Force Automation?

#### **Answer:-**

SFA is the application of technology to manage selling activities. It standardizes a sales cycle and common terminology for sales issues among all the sales employees of a business. It includes the following modules -

Product Configuration - It enables salespersons or customers themselves to automatically design the product and decide the price for a customized product. It is based on if-then-else structure.

Quotation and Proposal Management - The salesperson can generate a quotation of the product prices and proposal for the customer by entering details such as customer name, delivery requirements, product code, number of pieces, etc.

Accounts Management - It manages inward entries, credit and debit amounts for various transactions, and stores transaction details as records.

Lead Management - It lets the users qualify leads and assigns them to appropriate salespersons.

Contact Management - It is enabled with the features such as customers' contact details, salespersons' calendar, and automatic dialing numbers. These all are stored in the form of computerized records. Using this application, a user can communicate effectively with the customers.

Opportunity Management - It lets the users identify and follow leads from lead status to closure and beyond closure.

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### **Question # 19**

Explain CRM Software Buying Considerations?

#### **Answer:-**

A business needs to consider the following points while selecting a CRM software -

\* Business strategy and processes - It helps to automate a customer management strategy. Hence before selecting a CRM software, a business should be clear with its strategies and desired processes.

\* Business requirements - CRM systems range from domain specialty solutions that focus on solving a specific area such as sales force automation, marketing automation, services automation, partner management, etc., to complete enterprise management solutions.

\* Size of business - Small businesses require tools that are easy to learn and can handle a wide range of the most common tasks. Large businesses opt for applications that handle more complex tasks and thousands of users.

\* Customer base - The size of the customer base a business is required to handle.

\* Budget - A business needs to set a budget prior vendor selection. The budget allocated for CRM varies according to the degree of customization required.

\* Context - The context in which a business is functioning, e.g., B2B or B2C, determines which CRM the business should go for.

\* Sales channels - The sales channels a business is employing: Direct sale, channel sale such as distributors, or Direct to customers via retail. They matter while selecting the most suitable CRM software.

\* System integration - All the interfaces the business needs and the CRM vendor can support without requiring too much custom services effort.

\* Strength of partners - The partners must be able to provide a business with additional support, or help to implement the CRM successfully.

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### **Question # 20**

Tell me who is an Empowered Customer?

#### **Answer:-**

Today's customers are empowered. Empowered customers are those having the control to buy goods or services from a business when and where they want it, by selecting from a vast range of available choice. Empowered customers access the Internet and collect information about products, dealers, and prices. They take advice from friends or at times from strangers too, before making a buying decision.

By using various digital devices, they can find out the specifications of a product or service before arriving at buying decision. They are smart and alert buyers who also keep high expectations. When a business fulfills most of the expectations, the empowered customers can be loyal to them.

Let us analyze the phases a customer goes through when a business offers products/services to the customers.

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### **Question # 21**

What are Technology-Oriented Customers?

#### **Answer:-**

They opt for the best technology products rather than less cost, good quality, or performance. They are technology-conscious as they find using products with latest technology would sustain in the ever-changing technological environment. These customers have detailed eye towards technical aspects of a product and tendency to interact with other customers of their type. They are also satisfied customers and tend to maintain healthy relationship with supplier.

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### **Question # 22**

A customer is getting ready to cancel their services with your company. They're convinced that they don't need your services. How would you approach this scenario and try to retain the customer?

#### **Answer:-**

Having a senior management level sponsorship between the two companies from the very beginning always helps alleviate issues like this. It's normal to bend over backwards in such cases and offer price discounts, free training sessions, and complimentary consulting services to retain such accounts. It's important that you engage with both the top level and mid level management in such cases. This becomes a selling opportunity and not a retention opportunity. You'd need to resell the value of your product all over again. It's important to re-evaluate the problem points you're trying to solve, and then present the solution again. Identifying new sponsors within the customer account also helps.

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### **Question # 23**

How would you grow your company's footprint at an existing customer who currently isn't giving as much revenue, but has a huge upside potential?

#### **Answer:-**

Such accounts have to be handled with Kid Gloves. Make sure this is a high touch account that's given highest levels of priority and only the best service. It's important to engage your champions and sponsors in helping you identify new champions. Encourage a peer-to-peer discussion to spread the word about your



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products and services within the extended groups. Frequently reach out to such new sponsors and restate the value proposition that the other groups are leveraging. Make your communications relevant for the audience and connect at a level that's most important to them.

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### **Question # 24**

What is Successful CRM?

**Answer:-**

Successful CRM is about competing in the relationship dimension. Not as an alternative to having a competitive product or reasonable price, but as a differentiator. If your competitors are doing the same thing as you are (as they generally are), product and price won't give you a long-term, sustainable competitive advantage. But if you can get an edge based on how customers feel about your company, it's a much stickier-sustainable-relationship over the long haul.

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### **Question # 25**

Explain what is Customer Life Cycle?

**Answer:-**

Customer Life Cycle is used to describe the phases through a customer goes. Here are the important stages of a customer life cycle -

- \* Reaching - It is the phase where a business communicates with its target customer. It is mainly done through advertisements.
- \* Acquisition - Attracting and influencing the target customer. The marketing team decides the scope of the target audience and convinces the customers about the benefits of its products/services.
- \* Conversion - It is when customers decide to purchase a product or service.
- \* Retention - In addition to flawless products/services, the business offers some extra facilities to the customer such as priority treatment, beautiful store ambience, free parking, etc., to retain existing customers.
- \* Inspiration - To inspire a regular customer into a loyal one by establishing a sound relationship. When a business puts efforts on providing polite and quick service, personal attention from the staff, knowledgeable sales staff, then the customers are automatically inspired to buy a product/service from a particular vendor.

Customer Life Cycle

Let us now try to figure out what differentiates a customer from a consumer.

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### **Question # 26**

What is Value through Marketing Mix?

**Answer:-**

The marketing force of a business combines various components of marketing mix (Product, Price, Place, and Promotion) together to create the best value for the customer. In case of services, as they are intangible unlike products, three more components are considered namely process, physical evidence, and people. The marketing mix is planned such that it strikes a good balance among customer and business entities, to satisfy the both.

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### **Question # 27**

A customer commits to an even greater business if you customize the solution completely based on their request. Would you do it?

**Answer:-**

A large part of this answer would have to be borrowed from above. Customizing a solution completely just for one customer doesn't make 100% business sense, especially if you're in a SaaS environment. You're in the business to provide an out-of-the-box solution, and the customization's wouldn't help any other customer in your kitty. This change may help you acquire this one large customer, but wouldn't fit in at all in to your long term product plans.

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### **Question # 28**

How is CRM changing and what does the business owner need to be aware of?

**Answer:-**

At the heart of CRM is the benefit of having the customer record at the center of the data universe rather than multiple galaxies of transactions held in separate, transaction-specific apps. So the innovation lies in new and improved visibility for putting information to use in intelligent decision making. Companies that used to serve 100 are serving 10,000, and with this kind of scaling, better top-level tools and custom dashboards are where I see CRM continuing to morph and advance.

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### **Question # 29**

Before preparing for a presentation to a senior member at a customer, what are the most important things to keep in mind?

**Answer:-**

Here are a few things that are extremely critical for any RM or Account Manager to keep in mind before going in for such a presentation:

1. Be absolutely clear about the pain points that you're going to address.
2. Before getting deeper in to your presentation, get a sign off from the attendees on the agenda of the meeting.
3. Be thorough in your background research of the client. This research could vary based on the stage you're approaching them in.
4. Provide a crisp and clear solution, and leave them with specific action items at the end of the presentation. This ensures they come back to you and the engagement continues.
5. Don't give away all that you have in your bag right away. Weigh your answers and ask probing questions.

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### **Question # 30**

What are my best resources for finding out more about CRM?

**Answer:-**



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One resource I would recommend any company create for itself is a one- to two-page document that answers the best practice questions above and includes input from the team. Send it to five vendors your team has selected and go over the proposals to see which companies address you as a unique business - not just with a customizable offering but as a discrete business.

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### **Question # 31**

What is Theory by North American School?

#### **Answer:-**

According to this theory, good relationships reduce costs significantly. Trust and commitment are vital attributes of a successful relationships. By connecting the trust to the commitment, this theory states that trust created on the basis of minimal functional conflicts, communication, non-opportunistic behavior, and cooperation. Commitment is linked to high relationship termination cost and relationship benefits.

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### **Question # 32**

What are Value-Oriented Customers?

#### **Answer:-**

They always look for efficient and high-performing products, as they know that they are making a profitable deal for a long run. For them, paying a high initial cost is their long-term investment to enjoy its hassle-free benefits in future. They are satisfied customers. They often tend to maintain a healthy relationship with the suppliers.

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### **Question # 33**

Explain Strategies for Customer Acquisition?

#### **Answer:-**

The new customers contribute to business growth and future profitability. Two types of customers can be acquired by a business -

- \* New customers (who never purchased any product from the business).
- \* Diverted customers (who left purchasing products or services form a business).

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### **Question # 34**

Explain Customer Management Strategies?

#### **Answer:-**

There are seven core customer management strategies -

- \* Start a relationship - When a customer is identified as having a high potential to bring profits, start a relationship.
- \* Protect the relationship - When the customer is significant for the business and when there is a possibility of the competitor's attraction, then the managers need to protect the relationship.
- \* Relationship re-engineering - This is necessary when the managers find that the customer is not profitable as desired at the current stage. In such a case, serve the customer by low-cost automated channels.
- \* Enhance the relationship - The managers identify up-selling and cross-selling opportunities and try to boost the customer on the scale of value.
- \* Harvest the relationship - When the managers do not want to spend much on the existing customer development, they use the cash flow from these customers to develop new customers.
- \* End the relationship - It is good to end the relationship when the customer shows no sign of contributing to future business profit.

\* Regain the customer - When the customer goes to the competitor while choosing another option to fulfill his requirement, then the managers need to implement win-back strategies to regain the customer and understand the reason of departing the customer.

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### **Question # 35**

Explain Strategies for Customer Retention?

#### **Answer:-**

As the existing customers drive current business profitability, retaining them is vital for any business. Customer retention is the process of maintaining continuous trading relationship in long term. It can be achieved by the following strategies -

##### \* Negative Strategies

The clauses of penalty, switching costs, and high exit costs make the customers feel trapped with the business. If the business enforces such strategies, it risks the reputation by customers' negative word-of-mouth.

##### \* Positive Strategies

They help increasing customer delight by understanding customer requirements, meeting them, and providing little more beyond their expectation. Customers are delighted to do business with you when their perception is more than their expectation.

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### **Question # 36**

What is Customer-Related Database?

#### **Answer:-**

It is the collection of customer-related information focusing on historic sales, current opportunities, and future opportunities. These databases are maintained by a number of different functions such as sales managers, channel managers, product managers, etc. It can store information such as:

- \* Customer's personal information containing fields for name, address, contact details, contact preferences, age, marital status, birthdate, anniversary, professional and social status, etc.
- \* Sales managers can record past transactions, product preferences, opportunities, campaigns, enquiries, billing, etc.
- \* Channel managers can record business-owned retail outlets, online retail information.



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\* Product managers may record product preference, price band, product categories explored, etc.

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### Question # 37

How do you retain a customer whose getting ready to leave you because of your price?

#### Answer:-

Such customers often demand an extremely low price for your products or services. A price which is possibly impossible to sell at. In such scenarios, it's always helpful to do an ROI analysis with the customer. They might spend only 50% of what they're spending now, by going to a competitor, but with that additional cost, you're providing XYZ services / features that no one else can, a dedicated and highly motivated customer support team which thrives on customer satisfaction, the confidence and guarantee of your time tested and proven solution that is COMPLETE in all respects, and the confidence that you'd come to their rescue ANYTIME they need help.

This answer can also be customized based on the specific industry in question.

It's important to remember that you may not always be able to retain a customer in such circumstances. However, never engage in an aggressive standoff, or bad mouth your competition. Hold your ground and trust your product. This customer will come back if you genuinely provide a superior solution.

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### Question # 38

What is the most challenging situation you worked on and failed at?

#### Answer:-

This question is geared towards understanding the level of complexity that you can handle, or have handled in the past, and how you approach the problem. This becomes a 2-fold question because the interviewer inherently expects you to also talk about how you'd resolve the situation differently

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### Question # 39

Do you have a few key best practices someone considering CRM can use?

#### Answer:-

Yes, I have three that anyone can use. First, consider your future needs. Look down the road and ask "How many contacts will I have in five years?" "How many salespeople will I have?" "How many of my people will need real-time access to this information at home or on their phones and PDAs?" "How much would it cost me to replace these contacts?"

Second, take the opportunity to clean up your data now. Moving to a CRM solution is an opportunity to start with a clean version of accurate data. De-duplicate and otherwise scrub the data to minimize the possibility of needing to import twice. For example, the flexibility of Excel and Outlook BCM allow placing incorrectly formatted information in their fields. This data will not import well without some good planning.

Third, be sure to communicate throughout the process and get early buy-in. The biggest focus of Salesforce.com with its customers is adoption. Members of your team are influencers in their departments. Leverage their expertise and influence by building a team to help you make decisions about the solution. Even if you disagree, listening, acknowledging, and respecting will build loyalty and acceptance within the process.

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### Question # 40

Why a Business Wants Relationship with its Customers?

#### Answer:-

Every business regards its customers as a lifetime stream of revenue; losing a single customer can cost the business very high. Lifetime Value (LTV) for a customer is considered to analyze the effectiveness of a particular marketing channel.

For example, if the Churn Rate of a business X is 5% and that of business Y is 10%, then in the long-term, business X would have a larger customer base than business Y, which places business X at the position of competitive advantage and directly influences profit of both the businesses.

A business can generate greater sales volume and in turn greater revenue if it knows its customers well and have good relationship with them. Thus, solely for the economic purpose, every business wants to have healthy relationships with their customers.

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### Question # 41

Explain Types of Customers?

#### Answer:-

There can be various types of customers a business have to deal with. Here are some prominent types of customers -

\* Loyal Customers - They are completely satisfied customers. Though they are less in numbers, they can promote more sales and profit. They expect individual attention and demand polite and respectful response from the supplier.

\* Discount Customers - They visit the business outlets frequently but transact only when business offers discounts on regular products and brands. They are the ones who buy only low cost products. Their buying behavior changes according to the rate of discounts. They are important to a business, as they contribute a significant portion of business profit.

\* Impulsive Customers - They are with the business in urge and buy on impulse. They don't plan for buying anything specific in advance, but they urge to buy anything that they find good and productive at the time when they are in the store. These customers are challenging and very difficult to convince. They are capable of bringing high profit when treated tactfully.

\* Need-Oriented Customers - They have a specific product on mind and they often plan before buying. They only buy when they need a product. They are difficult to satisfy. They need reasons to switch to another product or brand.

\* Wanderers - They are least profitable ones to a business. At times, they are not sure what to buy. They are normally new in the industry and mostly visit the suppliers only to confirm their needs on products. They like to find out the features of the products in the market but they are least interested in buying.

\* High Volume Customers - They are the ones who consume a high volume of products.

\* High Future Lifetime Value Customers - The ones who can contribute profits in future.

\* Benchmark Customers - They are the ones whom other customers follow.

\* Door Openers - They can open doors to a new market for the supplier.

\* Inspiring Customers - They force the suppliers to change for betterment. They suggest product improvements or inform the suppliers about opportunities of cost reduction.





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### Question # 42

Which Customers a Business Should Retain?

#### Answer:-

The cost of retaining highly committed customers is lesser than one required for retaining non-committed significant customers. The recently acquired customers are likely to deflect when a business fails to provide good service or product.

A business should retain the following customers -

- \* The ones satisfied with the product or service.
- \* The ones who can suggest product innovation.
- \* The ones who are value to the business and are capable of contributing to business profit.

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### Question # 43

Who are the newcomers to the CRM landscape?

#### Answer:-

It is such a hot area right now, there are literally hundreds. But two I have been following are Zoho and HighRise. Both are niche vendors that have garnered great contact lists with their other products and created relatively simple implementations for their clients and others. They both illustrate the fact that CRM is no longer esoteric - it is going mainstream, which is a great thing for business, particularly customer service and data security.

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### Question # 44

Why do you want to work in this industry as Customer Relationship Manager?

#### Answer:-

This is another important question from a common interview questions and answers asked by the interview board for a customer relationship manager. Here, interviewer wants to know that how bad you are willing to do this job so you must be really aware about this situation. By answering this question you should not say that you like this industry this is wrong way to handle this kind of question. You can rather say that I love to communicate with new people therefore, I am so passionate about this job or you can display your previous job experience or you can show your success story.

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### Question # 45

What is Strategic CRM?

#### Answer:-

Strategic CRM is a type of CRM in which the business puts the customers first. It collects, segregates, and applies information about customers and market trends to come up with better value proposition for the customer.

The business considers the customers' voice important for its survival. In contrast to Product-Centric CRM (where the business assumes customer requirements and focuses on developing the product that may sometimes lead to over-engineering), here the business constantly keeps learning about the customer requirements and adapting to them.

These businesses know the buying behavior of the customer that happy customers buy more frequently than rest of the customers. If any business is not considering this type of CRM, then it risks losing the market share to those businesses, which excel at strategic CRM.

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### Question # 46

What is Analytical CRM?

#### Answer:-

Analytical CRM is based on capturing, interpreting, segregating, storing, modifying, processing, and reporting customer-related data. It also contains internal business-wide data such as Sales Data (products, volume, purchasing history), Finance Data (purchase history, credit score) and Marketing Data (response to campaign figures, customer loyalty schemes data). Base CRM is an example of analytical CRM. It provides detailed analytics and customized reports.

Business intelligence organizations that provide customers' demographics and lifestyle data over a large area pay a lot of attention to internal data to get more detail information such as, "Who are most valuable customers?", "Which consumers responded positively to the last campaign and converted?", etc.

Analytical CRM can set different selling approaches to different customer segments. In addition, different content and styling can be offered to different customer segments. For the customers, analytical CRM gives customized and timely solutions to the problems. For the business, it gives more prospects for sales, and customer acquisition and retention.

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### Question # 47

Do you know Customer's Sacrifices?

#### Answer:-

The customers make the following sacrifices when it comes to buying from a business -

- \* Time
- This is the time taken to physically arrive at the business outlet or to search for the required product online, and to compare various similar products with respect to specifications and costs. It also includes waiting time to avail the required product and extended time when a business delivers a product with incorrect specification.

- \* Money

It is the primary concern. Apart from the cost of product or services the business offers, it may be the cost of Value Addition Tax (VAT), surcharge, interest on the late payments, etc. Similarly, there can be discounts for first few customers or under any other schemes.

- \* Energy

The customers invest energy to get ready, step out for shopping, to drive or to travel from home to the business outlet. The energy also includes fuel consumption for transport.

- \* Emotional Costs



## Customer Relationship Manager Interview Questions And Answers

Purchasing a product can be a very hectic, frustrating, and at times annoying experience for the customers. Right from planning what and when to purchase, budgeting, getting ready and stepping out of the house for shopping, being through the crowd on the road, arriving at the store, dealing with the business staff who don't possess adequate knowledge of the product or schemes, paying exaggerated prices, carrying heavy packages, exchanging faulty or outdated products, etc. At times the customers need to travel in bad weather only to find out that the last piece of the required product was just picked by some other customer. While buying the product, the customer has to deal with various risks such as financial (regarding product price), physical (possibility of the product turning harmful to customer's body), and performance (possibility of the product failure).

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### **Question # 48**

Why are you leaving your current role as Customer Relationship Manager?

#### **Answer:-**

By this interview question, an interviewer wants to know about your future goals and how capable you are for your life's challenges & how you handle and cope up in a new environment. You should not say that your boss was not a good person or you should stay away about badmouthing your previous boss.

You can get over this question by smartly answer that "I've learned a lot from my current job profile, but now I'm looking forward towards new challenges & responsibilities on my shoulders, to broaden & shape my career in way that helps me to achieve my future needs and to gain a new sets of skills, therefore I see a lot of potential for me, in this job."

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### **Question # 49**

What is Situation Analysis?

#### **Answer:-**

The business conducts situation analysis by considering internal and external factors. This is nothing but SWOT (Strength, Weakness, Opportunities, and Threats) analysis to find out how the business is doing with the objective of examining readiness for CRM implementation.

The managers analyze and appraise existing customer strategy, served market segments, market position of business, marketing channels, etc. They try to find out the answers for the questions such as -

- \* Which customer segments does the business serve?
- \* What are the marketing and customer related objectives of the business?
- \* What is the business position and market share?
- \* What is the cost to customer management?
- \* How effective the present strategies of customer acquisition and retention?
- \* Which products/services under what category does the business offer?
- \* To what extent the customers are aware of the products/services?
- \* Who are business competitors, and what are profit margins?
- \* Which channels we use for product distribution? What is the depth of channel penetration?
- \* Which channels are effective? Which are becoming obsolete?
- \* How do channel partners find dealing with our business?
- \* Will the business buy, rent, or create its own CRM? What is each option's feasibility?

Thus, situation analysis serves as a foundation to know what the managers want to achieve by implementing CRM.

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### **Question # 50**

What advantages might CRM have for specific verticals?

#### **Answer:-**

The answer to this question is not if but how much. Since CRM helps you do what you do better, if you are in a professional services company with long sales cycles, project terms, and frequent interactions and touch points, CRM will be exponentially more valuable to you. So service businesses, like lawyers, consultants, and accountants, are ripe for CRM but often have a technological aversion and a strong status quo to maintain.

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### **Question # 51**

Explain Phases of Customer Development?

#### **Answer:-**

Customer development is an important process in any product development with which a business uses customer feedback to define and develop its product. The four core phases of Customer Development (Four Steps to Epiphany) are as given:

##### \* Customer Discovery

In this phase, a business evaluates how it can address the customer needs or problems. The business knows about the target customer. The business gathers customer feedback about their requirements.

##### \* Customer Validation

This is a phase when the customers understand the idea of the product and validates the product by realizing that the product will be able to solve their problems. In this phase, a business knows about the problem and the solution.

##### \* Customer Creation

The business then evaluates customer feedback, and plans a strategy for product launch and product positioning in the market based on the feedback.

##### \* Company Building

It includes transforming ideas and concepts to execution and scaling the business venture.

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### **Question # 52**

What are CRM Tools for Customer Acquisition?

#### **Answer:-**

The following tools are used in acquiring new customers -

- \* Lead Management
- \* Campaign Management



- \* Event Based Marketing
- \* CRM Analytics

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### **Question # 53**

What is Theory by (Guanxi) Asian School?

#### **Answer:-**

This theory is based upon the teachings of Lord Buddha regarding social conducts and acts of reciprocation. This theory states that people from a family, friendship, same-clan fellowship are connected to each other due to informal social relationships which impose them to follow reciprocal obligations to acquire the resources by exchanging favors and cooperation.

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### **Question # 54**

Where do you see yourself in next five years as Customer Relationship Manager?

#### **Answer:-**

By this question an interviewer wants to gauge how much you're ambitious, career-oriented, and committed to have a future with their company. So instead, of saying about your dream for an early retirement, or you can say or give them an appropriate example on your future plans and growth with this company also by this question you can say that how beneficial you can be with this company in a future period of time.

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### **Question # 55**

What would be your strategy for turning around a non-responsive customer?

#### **Answer:-**

Here, the interviewer is looking to gauge your engagement skills. What lengths would you go to to make sure that you leave no stone un-turned to retain a customer. I usually pick a live situation and elaborate on that. Make sure you talk about the size of the deal, it's impact on your overall base of accounts, and the exact steps you took to turn the account around.

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### **Question # 56**

What are Cost-Oriented Customers?

#### **Answer:-**

They concentrate on products with least costs and are ready to compromise on efficacy, performance, and quality. They are ready to blame the supplier on the occurrence of fault in product without thinking that they are responsible for choosing less quality product. Some customers tend to fix problems with a local, less-skilled dealer or by themselves without taking a supplier's direct help as it is cheaper. These customers also at times buy second hand products and expect it to perform as efficiently as a new one. The suppliers always find themselves arrested in payment-related issues with these customers.

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### **Question # 57**

How much should I plan to spend on a good solution?

#### **Answer:-**

That's always a tough question, given that applications vary widely in price based on whether it's a hosted or installed delivery model, user-based or organization-wide subscription model, or a per-gigabyte or other data model. I would use the cost-per-sale and cost-per-lead values to help determine what a system is worth to a business. For most customers, services are going to be anywhere from \$20 to \$350 per month per user.

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### **Question # 58**

What is Value through Product Leadership?

#### **Answer:-**

It involves the engagement of the business in continuous product innovation for improvement, large share of investment in product research and development along with the risk. The business creates value by providing the best quality product or service solution in adequate time.

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### **Question # 59**

Explain Theory by Nordic School?

#### **Answer:-**

A Scandinavian services marketing group, named The Nordic School, emphasizes on supplier-customer relationship. It identifies the triplet of relationship marketing as -

Interaction - As customers and suppliers interact, each one provides a service to another. Customer provides information and supplier provides solution.

Dialogue - Communication is bilateral and is essential for the survival of the relationship.

Value - The business needs to generate something that is perceived as value to the customer.

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### **Question # 60**

What is Value through Customer Intimacy?



**Answer:-**

Customer intimacy is generated and developed by understanding customer requirements, offering customized products, creating best outlet ambience, the warmth and interest of business staff while communicating with customers, and putting the customer first.

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**Question # 61**

What is Service Automation?

**Answer:-**

Service automation involves service level management, resolving issues or cases, and addressing inbound communication. It involves diagnosing and solving the issues about product.

With the help of Interactive Voice Response (IVR) system, a customer can interact with business computers by entering appropriate menu options. Automatic call routing to the most capable employee can be done.

Consumer products are serviced at retail outlets at the first contact. In case of equipment placed on field, the service expert may require product servicing manual, spare parts manual, or any other related support on laptop. That can be availed in service automation.

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**Question # 62**

What is Operational CRM?

**Answer:-**

Operational CRM is oriented towards customer-centric business processes such as marketing, selling, and services. It includes the following automations: Sales Force Automation, Marketing Automation, and Service Automation.

Salesforce is the best suitable CRM for large established businesses and Zoho is the best CRM for growing or small-scale businesses.

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