

**MNM3014**  
**RMN3014****(496422)**

Oct/Nov 2010

**(475875)****RELATIONSHIP MARKETING (BUSINESS MANAGEMENT 301)**

Duration 2 hours

70 marks

**EXAMINERS**

FIRST	B SOKE
SECOND	PROF MC CANT
EXTERNAL	MR E CARDEN

This paper consists of nine (9) pages, plus instructions for the completion of a mark-reading sheet

**This examination paper remains the property of the University of South Africa and may not be removed from the examination room.**

The paper counts 70 marks. The marks obtained (out of 70) will be converted into a percentage (100)

This paper consists of two (2) sections, SECTION A and SECTION B. Section A is compulsory and should be answered on the mark-reading sheet provided. Answer ANY TWO (2) of the questions from section B in the examination answer book provided.

**NOTE: Write the numbers of the questions you have answered on the cover page of the examination answer book, in the "Question No." column, in the order that you have answered them.**

**HAND IN THE MARK-READING SHEET TOGETHER WITH YOUR EXAMINATION ANSWER BOOK.**

This is a **closed-book examination**. You may not consult notes of any kind or any person, except the invigilator, during the examination session.

**[TURN OVER]**

**SECTION A (COMPULSORY)**

**Answer all the multiple-choice questions on the mark-reading sheet as well as in your answer book. In your answer book, write down the correct option number, for example 1, 2, 3, 4, 5, etc, next to the question number for each of the multiple-choice questions below, for example question 1X: 5; question 2X: 3, etc. Please make sure that the options indicated on the mark-reading sheet correspond with the answers recorded in your answer book. Each multiple-choice question is worth 2 marks. Section A counts 30 marks.**

**QUESTION 1**

The objectives of \_\_\_\_\_ are to identify and establish, maintain and enhance, and when necessary terminate relationships with customers and other stakeholders at a profit so that the objectives of all parties involved are met

- 1 marketing
- 2 segmentation
- 3 relationship marketing
- 4 internal marketing
- 5 business to business marketing

(2)

**QUESTION 2**

CRM is technology driven, but technology is only an enabler that helps the organisation to appropriately serve its clients as individuals. Before any organisation can decide to deploy CRM technology, it must first include \_\_\_\_\_ as part of its corporate vision and mission

- 1 one to one marketing
- 2 customer-centricity
- 3 a database
- 4 customer knowledge
- 5 processes

(2)

**[TURN OVER]**

**QUESTION 3**

Data mining involves the use of sophisticated statistical techniques which enable the organisation to

- a decide which customers should receive a particular offering
- b avoid serious customer mistakes
- c save costs.
- d deepen customer loyalty

- 1 a b d
- 2 b c
- 3 c d
- 4 b d c
- 5 a b c d

(2)

**QUESTION 4**

Which one of the following is a limitation of implementing relationship marketing?

- 1 The company does not have the capability to apply relationship marketing principles.
- 2 Lifetime value of customers is sufficient
- 3 Established customer support and patronage
- 4 There is mutual value to be created between the company and its customer
- 5 Large investments in product design and development have to be made by the company

(2)

**QUESTION 5**

\_\_\_\_\_ is the biased behavioural response, expressed over time by customers with respect to one supplier out of a set of suppliers, which is a function of decision making and evaluative processes resulting in brand or store commitment

- 1 Customer dedication
- 2 Customer retention
- 3 Relationship
- 4 Loyalty
- 5 Patronage

(2)

**[TURN OVER]**

**QUESTION 6**

Identify which **one** of the following statements does not apply to the purchaser phase of the relationship marketing ladder of loyalty?

- 1 Potential customers have begun to explore the extent to which the organisation in question is relevant to them
- 2 These customers have a limited awareness of an organisation and its relevance
- 3 Excellent service and follow-up interaction are important in moving these customers to the next rung of the ladder
- 4 These customers wish to gauge the potential to establish a more significant flow of business to the organisation
- 5 These customers have begun to do initial trial buying of the organisations products

(2)

**QUESTION 7**

Building relationships with customers requires that all the employees in an organisation work together to provide \_\_\_\_\_ before and after each purchase

- 1 promotion information
- 2 satisfaction
- 3 products
- 4 customised follow-up
- 5 customer value

(2)

**QUESTION 8**

SAA's Voyager scheme is an example of a successful customer relationship marketing programme. This type of relationship marketing is based on the customer \_\_\_\_\_ at/to the organisation

- 1 loyalty
- 2 spending
- 3 visits
- 4 purchasing
- 5 commitment

(2)

**[TURN OVER]**

**QUESTION 9**

With regard to a hotel, which one of the following situations may be viewed and perceived as 'moments of truth or service encounters' by a customer?

- a A potential customer calls the hotel's reservation office to get information about accommodation.
- b A potential customer hears satisfied customers discussing their stay at a well known hotel in Durban
- c A customer is assisted with his/her baggage by hotel personnel
- d A customer looks for the hotel's restaurant so that he/she can have dinner

- 1 a b c
- 2 b c d
- 3 a c d
- 4 b c a
- 5 All of the above

(2)

**QUESTION 10**

Which one of the following is **not** a step to be considered when implementing a one-to-one marketing programme?

- 1 Differentiate customers by their needs and value.
- 2 Establish how customers can be easily reached at minimal cost
- 3 Interact with customers to establish a dialogue
- 4 Customise the organisations products
- 5 Make the relationship a continuous learning relationship

(2)

**QUESTION 11**

is the process of providing and supporting profitably individually tailored goods and services, according to each customer's preferences with regards to time, place and price.

- 1 Market customisation
- 2 Market segmentation
- 3 Product customisation
- 4 One on one customisation
- 5 Mass customisation

(2)

**[TURN OVER]**

**QUESTION 12**

A car dealer encourages its sales people an opportunity to improve the level of customer service by giving them the authority of offering potential customers after hours test drives This scenario is an example of

- 1 external marketing
- 2 training
- 3 company empowerment.
- 4 internal marketing
- 5 service quality

(2)

**QUESTION 13**

Which **one** of the following statements is/are **correct** in connection with business markets and their composition?

- 1 Goods are purchased for final consumption
- 2 Generally, use is made of intermediaries such as wholesalers and retailers.
- 3 There are a variety of purchasing situations such as straight rebuying, modified rebuying or new task buying.
- 4 Consumers make decisions regarding the suitability of the products to be purchased
- 5 There are numerous consumers who individually are not able to exercise an influence on the organisation

(2)

**QUESTION 14**

Which **one** of the following statements is/are applicable to employees who fulfil the role of 'contactor' when dealing with customers?

- a These type of people must be customer-oriented and be able to deal with situations presented to them
- b These are people who have little if any client contact.
- c These employees tend to occupy selling and client service positions.
- d These employees are closely involved in customer contact

- 1 a c d
- 2 b c a
- 3 b c d
- 4 d a b
- 5 All of the above.

(2)

**[TURN OVER]**

**QUESTION 15**

In most instances when the CRM strategy is to be implemented, there is a lot of resistance from employees of the organisation towards this new change. Which one of the following is/are reasons for this resistance to change?

- a Staff is content with the current way in which things are done
- b Group members often stand together regarding their opinion of the change and this can increase the level of resistance
- c If the changes are unexpected, resistance to change is more likely
- d Employees are not certain how the change will affect them

- 1 a b
- 2 c d
- 3 b c d
- 4 a b c
- 5 All of the above

(2)

**[30]****[TURN OVER]**

**SECTION B**

Read the case study below and answer any TWO of the three questions that follow. Section B counts 40 marks. Structure your answers by using headings and subheadings.

**CASE STUDY****Edgars**

Edgars is a national department store serving middle and upper income families in Southern Africa with value priced essentials, bona fide national and international brands and appropriate fashion. It aims to be the retail service leader in clothing, footwear, textiles, accessories and cosmetics with a total of more than 149 outlets and over 5 000 employees. Edgars is a dominant force in every community it serves. The chain offers clear value to customers on price, quality and being in stock of the most wanted trendy and fashionable products. Customer service is central to the Edgars strategy, by offering assurance to customers that it will deliver a superior shopping experience through store layouts and signage which will make merchandise easy to find and the use of friendly and helpful sales personnel.

Edgars also offers a wide choice of payment options with its different account types. These include the Edgars grey card (6 months' interest-free credit), the Edgars red card (interest-bearing credit) and the Edgars purple cash card (a loyalty card against which customer benefits can be earned). All major bank cards are also welcome in Edgars as a means of payment for any transaction with the store.

In addition to the main Edgars retail brand, the chain incorporates a number of stand-alone speciality stores bearing the Edgars identification including Red Square (cosmetics) and Accessoreyes (sunglasses). These stores are also housed within selected Edgars stores. Edgars store locations are well matched with their target customer base which allows for focused merchandise assortment and marketing programmes. Edgars is also taking advantage of the convenience of doing shopping through the internet by introducing its customers to online shopping which they can do via its website at [www.edgars.co.za](http://www.edgars.co.za)

Edgars is involved in the marketing of a select range of financial products. For this purpose Edgars is a representative of Hollard Life Assurance and The Hollard Insurance, both of which are licensed financial service providers.

(Adapted from: [www.edcon.co.za](http://www.edcon.co.za) and [www.edgars.co.za](http://www.edgars.co.za))

**[TURN OVER]**



**QUESTION 1**

There are various steps that an organisation such as Edgars could implement in order to render remarkable service to customers. Discuss ten steps to remarkable customer service provision and give practical examples relating to Edgars. (For discussing the theory, 15 marks will be allocated and for providing practical examples, 5 marks.)

**[20]****QUESTION 2**

- (a) One-to-one marketing presents various benefits such as, the ability to track defection by customers, the ability to know customers better and thus satisfy their needs more adequately. Explain in detail five steps in the one-to-one marketing process and provide practical examples relating to Edgars. (For explaining the theory, 10 marks will be allocated and for giving practical examples, 4 marks.) (14)
- (b) Discuss three prerequisites for the implementation of the CRM strategy. (For discussing the theory, 6 marks will be allocated.) (6)

**[20]****QUESTION 3**

- (a) Discuss three factors that determine CRM success and give practical examples relating to Edgars. (For discussing the theory, 6 marks will be allocated and for giving practical examples, 2 marks.) (8)
- (b) Explain in detail five main components of internal marketing and provide practical examples relating to Edgars. (For explaining the theory, 10 marks will be allocated and for practical application, 2 marks.) (12)

**[20]****TOTAL MARK: 70**

PART 1 (GENERAL/ALGEMEEN) DEEL 1

STUDY UNIT e.g. PSY100 X  
STUDIE-EENHEID by PSY100-X

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INITIALS AND SURNAME  
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DATE OF EXAMINATION  
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EXAMINATION CENTRE (E.G. PRETORIA)  
EKSAMENSENTRUM (BY PRETORIA)

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For use by examination invigilator  
Vir gebruik deur eksamenopsiener

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IMPORTANT

- 1 USE ONLY AN HB PENCIL TO COMPLETE THIS SHEET
- 2 MARK LIKE THIS
- 3 CHECK THAT YOUR INITIALS AND SURNAME HAS BEEN FILLED IN CORRECTLY
- 4 ENTER YOUR STUDENT NUMBER FROM LEFT TO RIGHT
- 5 CHECK THAT YOUR STUDENT NUMBER HAS BEEN FILLED IN CORRECTLY
- 6 CHECK THAT THE UNIQUE NUMBER HAS BEEN FILLED IN CORRECTLY
- 7 CHECK THAT ONLY ONE ANSWER PER QUESTION HAS BEEN MARKED
- 8 DO NOT FOLD

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PART 2 (ANSWERS/ANTWOORDE) DEEL 2

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