



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT

EXAMINATION PAPER

COURSE CODE	:	CMA 406
COURSE TITLE	:	RELATIONSHIP MARKETING
DURATION	:	3 HOURS
DATE	:	07 OCT 2022
SPECIAL REQUIREMENTS	:	NONE

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Answer any **FOUR (4)** questions. (Level 1.1 to level 2.2)
3. Answer **QUESTION ONE (1)** and any other **THREE (3)** questions.
(Level 4.1 and 4.2)
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in brackets []

QUESTION ONE [COMPULSORY]

CASE STUDY

Amazon.com

Between May and September 2000, Amazon.com, the world-famous Internet bookseller, tried out a dynamic pricing strategy that varied the prices of products by determining the profiles of existing customers. Regular customers, it was hypothesized, would be more likely to pay more and, therefore, should be charged more for products! Discussions began on message boards and forums (such as DVDTalk.com) and stories began to spread about price differentials between those who Amazon perceived as new and those they perceived as existing customers. Confusion became outrage as customers found out what was going on. An Amazon spokesperson stated that the experiment 'was done to determine consumer responses to different price levels'. Ultimately the company admitted its mistake and promised its customers it would not happen again.

(Source: Based on Mohammed et al., 2002, p. 558)

Required:

- a) Explain the reasons why it is more profitable for a business to work towards developing a long term relationship with their customers. **[10 marks]**
- b) With reference to the extract above relating to Amazon.com, explain the association between trust and commitment. **[15 marks]**

QUESTION TWO

Assuming that you are the Relationship Manager for CBZ Bank, your board is proposing to cut off your Customer Relationship Management (CRM) budget by 60% and inclined to adopting a transactional marketing model. Show how you can convince the top management to favour relational orientation as opposed to a transactional marketing model. **[25 marks]**

QUESTION THREE

Using your understanding of Jan Hofmeyer's conversion model, show how NetOne can grow their market share in the telecommunications industry. **[25 marks]**

QUESTION FOUR

From your understanding of the significance of customer lifetime value, show how a firm in the life assurance industry like Doves can benefit from using the customer value segmentation pyramid.

[25 marks]

QUESTION FIVE

Using Zember and Anderson (1990) typology, profile the types of jay customers that a university like Zimbabwe Ezekiel Guti University (ZEGU) encounter and suggest strategies that can be used to manage them.

[25 marks]

[END OF PAPER]