

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF MARKETING

JUN 2025

PROGRAMME: MASTER'S OF SCIENCE MARKETING
CUSTOMER RELATIONSHIP & DATABASE MARKETING MKT 512
TIME : 3 HOURS EXAMINATIONS

INSTRUCTIONS TO CANDIDATES:

1. Answer **Question One (Compulsory)** and **Any Three Other** Questions.
2. Start answering each main question on a fresh page.
3. Credit will be given for appropriate use of illustrative examples.
4. No cell phones and programmable calculators are allowed in the Examination Room.

QUESTION ONE (COMPULSORY)

Canned Saucy Tinned Beans

In the summer of 2017, Campaign magazine announced that marketing executives at Saucy Beans Zimbabwe had withdrawn its direct marketing magazine in 2016 after deciding the Saucy Beans Zimbabwe brand communicated itself more readily through television and poster advertising.

Campaign reported that Saucy Beans Zimbabwe believed its products would sell without the use of direct marketing and would revert to TV brand building. Campaign, a magazine that champions brand building and advertising, suggested the following reason for the failure of the Saucy Beans Zimbabwe At Home project. Consumer Watch reported:

Want to know why Saucy Beans Zimbabwe is axing its customer magazine, At Home? Then try this simple test. Put your thumb across the Saucy Beans Zimbabwe logo on the front cover. Now imagine another name in its place. Does the magazine look a neat fit with any of those brands? If your answer is yes, you are some way to understanding why Saucy Beans Zimbabwe At Home has bitten the dust and may not resurrect.

Marketing Specialist such as Milton Kamwendo suggested that, while the Saucy Beans Zimbabwe brand oozes warmth and homely values, the magazine had struggled to sustain them, being instead a mere bolt-on to the brand's distinctive multi million pound TV advertising. Damningly, Campaign said that the move 'almost certainly ends Saucy Beans Zimbabwe's four year flirtation with direct marketing'.

It had all started so well. . .

The announcement in May 2014 that Saucy Beans Zimbabwe was switching emphasis to an extensive direct marketing programme and dropping all product advertising in favour of 'umbrella' TV branding was much hyped at the time. It was probably the case that Saucy Beans Zimbabwe brought in direct marketing as an extra weapon in its armoury to match the growing power of the major retailers. Saucy Beans Zimbabwe had some experience of direct marketing from its US operation and a strong baby foods division that used direct marketing. A central plank of the initiative was Saucy Beans Zimbabwe At Home magazine, which was to be sent to customers responding to promotions: in-store campaigns, on-pack vouchers and so on. The aim was to gather customer data on an ongoing basis using the data gathered from vouchers redeemed in-store. This would help Saucy Beans Zimbabwe identify its most valuable customers, profile attractive prospects, target up-selling and cross-selling opportunities precisely, and improve loyalty to Saucy Beans Zimbabwe through the brand building values of At Home magazine.

Early results looked impressive. . . customer surveys reported that of the 3.5 million households that were mailed the first magazine in 2014:

- 68 per cent spontaneously recalled having received it;
- 40 per cent said they would keep it for future reference.

The number that actually took up the magazine's coupon offers or contacted its helpline was an impressive 1.5 million households. But did the activity actually result in increased sales? Saucy Beans Zimbabwe claims that in October 2014, a month after the first magazine went out, its soups' share increased 6.4 per cent on the month. Tomato ketchup was up 7.7 per cent and pasta meals rose by 4.9 per cent.

According to Consumer Watch (2015), by 2015 the agency had taken the scheme from a simple magazine to a highly targeted and segmented approach to customers. It whittled down the base to those customers who were genuinely responsive, and Saucy Beans Zimbabwe seemed happy with the return on investment the approach generated.

So why did Saucy Beans Zimbabwe withdraw the programme? Campaign offered its own analysis:

You can see the point of a supermarket launching a magazine because it has so many products to talk to its customers about', an agency chief who has worked on Saucy Beans Zimbabwe business points out. 'But Saucy Beans Zimbabwe makes tinned foods. There's a limit to the amount of new information it can offer – and who is bloody interested anyway?

Some commentators felt that this was an example of the customer magazine being overused as a tool. However, as Campaign suggested, for the right advertiser with the right product, a customer

magazine is a fantastic marketing tool. Some examples of successful magazines include the Ndeipi, Nzira, Look and Listen magazine, and in-house magazines from Bon Marche and Food World.

Consumer Watch (2015) quotes another agency director: 'Putting a voucher in communications magazines such as Nzira to sell a USD 1.30 can of beans does not make sense.' If one estimates the net margins on a Saucy Beans Zimbabwe product as about 0.03cents per item, there is no doubt the economics of direct marketing need to be worked out carefully for FMCG. Adding to the difficulty would be the hard work that had to go into data gathering. Customer transactions could only be recorded by Saucy Beans Zimbabwe using redeemed vouchers. Ironically, the supermarkets probably knew more about Saucy Beans Zimbabwe customers than Saucy Beans Zimbabwe did.

Was the magazine good enough? Researchers were skeptical:

Source: SN et al (2022)

Read the case below and then answer the questions that follow.

Required

1. Discuss **five** disadvantages of direct marketing that Saucy Beans Zimbabwe faced. (10)
2. Explain **five** barriers of entry in FMCG markets. (15)
3. By way of **five** examples. Defend the use of direct mail to promote fast-moving consumer goods versus its media competitors. (15)

[40 MARKS]

QUESTION TWO

- a) Using the figures below calculate customer life time value of customer and comment on findings.
 - i. Average Customer Spend / month = \$100
 - ii. Average Customer Lifespan = 12 months
 - iii. Profit Margin = 15%
 - iv. Discount Rate = 10%
 - v. Retention Rate = 60%(8)
- b) Explain the importance of understanding Customer Lifetime Value. (12)

[20 MARKS]

QUESTION THREE

Discuss five challenges that a CRM Specialist may face when implementing loyalty schemes.

[20 MARKS]

QUESTION FOUR

Illustrate the significance of the **six (6)** prospects identified by Cram (1994) as a priority when targeting customers based on constancy:

- a) Referrals (4)
- b) People who buy at the standard price. (4)
- c) Risk averse consumers. (4)
- d) Customers looking for high levels of service. (4)
- e) Customers seeking a high level of personalization. (4)

[20 MARKS]

QUESTION FIVE

Discuss the strengths of traditional media in direct marketing according to Direct Mail Blogger and CRM Strategist Rory Sutherland (2013).

[20 MARKS]

QUESTION SIX

- a) Describe the four types of mass communication. (8)
- b) Critically analyse the any four strengths of direct mail. (12)

[20 MARKS]

The End