

UCT hosts course on building relationships and loyalty

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The UCT Graduate School of Business runs an innovative short course this June aimed at empowering businesses to revolutionise their marketing activities.

The course will provide South African businesses with the knowledge and tools to achieve success through building strong relationships with customers and stakeholders, and to use the 21st century's digital explosion to their advantage.

The course is the brainchild of the Executive Education unit at the UCT GSB, and combines the expertise of Gerhard Sagat, Marketing Consultant at strategic marketing company Terranova based in Johannesburg, and Leigh Duddy, CRM Director at OgilvyOne Worldwide in Cape Town.

According to Sagat, the course challenges the traditional approach of the marketing mix.

"The marketing mix theory (also known as the '4Ps' - product, price, promotion and placement) is limited in its application and is a narrow, one-sided view of the discipline. Since it is the prevailing theory however, not many will dare to question it except for the brave few such as respected academic Raymond Kent, who sarcastically referred to it as 'the holy quadruple of the marketing faith, written in tablets of stone'," he said.

The UCT GSB course is unique in that it views marketing as a business philosophy in which the development and management of relationships is key to a company's success.

"Relationship marketing is about building long-term relationships with those parties that impact or influence the business, based on trust, commitment, information sharing and collaboration, so that value is created for all the parties involved," Sagat explained.

"This approach to marketing can be adopted and implemented in any industry, company type or company size. What's more, relationship marketing can offer several diverse benefits to its practitioners, such as a sustainable competitive advantage, more effective marketing spend, lower staff turnover and even supply chain improvements."

Co-director of the course Leigh Duddy of Ogilvy will bring substantial experience to the table on the variety of approaches being used by businesses in South Africa and around the globe to practically build these strong relationships with customers.

"Research shows the high priority relationships are now given in business. A major annual study by The Conference Board in the US in 2006 revealed that Customer Loyalty/Retention is now the fifth highest ranked CEO challenge," said Duddy.

"To respond to this challenge it is imperative that business break the paradigm and take on new and relevant ways to engage with customers."

She also stressed the importance for marketing communications that are more tailored and segmented - taking into account customers' unique preferences, needs and specific behaviour. All communications and customer touchpoints need to have at their centre objectives of growing not only behavioural loyalty (e.g. additional purchases) but also emotional loyalty (e.g. the customer becomes an advocate of your brand and will use no other).

"Alex Meiring, creative director of the hugely successful Mxit Entertainment Technology, recently wrote an article for Bizcommunity.com that aptly captured this new wave. He argues that 'if the information age was about data capture, the

post-information age is about finding, extracting and using the data – and now we often have an audience size of one. Everything is made to order for the individual, and information is extremely personalised’.

“He continues that the ability to remember a customer, from one event to the next, is the primary requirement for sustaining an ongoing relationship. He says we are passing through a technological gateway, and most of us are not even remotely prepared – the old system of mass production, mass media, and mass marketing is being replaced by a totally new one to one economic system.”

With marketing budgets under pressure, Duddy added that harnessing capabilities optimally offers a means to achieve results this one to one economic system.

“The challenge facing marketing is to take a budget and to spend wisely – and the answer may no longer be just traditional above the line media such as television, radio and print. The digital revolution has upset the applecart and has provided a new range of channels and tools (such as search engine optimisation and pay per click advertising), that are not only more effective but also measurable. Tactics can be continually tested, tracked and tweaked – ensuring optimal return on investment,” she said.

“American Express in the US, for example, now only spends only 35% of their marketing budget on traditional media – it used to be 90%.”

Sagat has over ten years marketing management experience in various sectors, including the financial, entertainment, e-commerce and retail industries.

Duddy has ten years experience as a business analyst and CRM practitioner in the financial services and e-commerce industries. For the last two and a half years with Ogilvy she has consulted in CRM to a range of industries including automotive, entertainment, financial services, telecommunications, petroleum, ISP and retail.

For more information contact Aniesah Ajam on (021) 406 1094. The course website is www.gsb.uct.ac.za/relationshipmarketing.

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