NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

MARKETING MANAGEMENT –CBU4108

FINAL EXAMINATION – APRIL 2009

TIME ALLOWED: 3 HOURS

INSTRUCTIONS TO CANDIDATES

i) Answer all questions from Section A and any other three from Section B.
ii) Questions can be written in any order

SECTION A

DYNAMIC FASHIONS PRIVATE LIMITED

Dynamic Fashions Private Limited is a high street fashion chain, which was founded in the late 1950s. After 20 years of slow and generally unspectacular growth, a new managing director, Dumisani Ndebele, was appointed in 1981. Under his different and aggressive, entrepreneurial management style, the company underwent a decade of explosive growth. Many of the old staff left during this period and a far younger team was recruited. The new staff was given considerable operating freedom and high salaries, but were expected to achieve performance levels well above the industry average. By 1988, the company had 400 stores and had become one of the major players in the young (15-25), male and female fashion sectors. Its reputation in the city was that of an ambitious, design-oriented company led by an unconventional, abrasive and maverick figure who inspired considerable loyalty among his employees.

At the beginning of 1990, the company was bought out by a large and cash-rich conglomerate whose financial performance over the preceding decade had proved to be consistently strong. Despite this, the group's senior management was viewed by the city as being generally staid and unimaginative. The group overall was viewed as having a strong financial orientation with emphasis upon systems and control. Strategy at the group level was perceived as being risk-aversive.

Dynamic Fashions' managing director and small senior management team quickly found that operating within a group in which they were accountable to the group's main board constrained their entrepreneurial style and traditional freedom. Not only were they faced with the need to make out a strong written case for anything other than a minor change in strategy but, as they saw it, major restrictions were placed on their ability to capitalize upon short-term opportunities. Profits were remitted to the centre, and each division's managing director was then required to bid for sums for capital expenditure on annual basis.

After two years in succession in which his plans were rejected by the main board, Ndebele resigned. At the heart of the disagreement was his belief that Dynamic Fashions needed to move up the quality scale and both up and down the age scale. The demographic changes taking place would, he argued, lead to a cut of at least 20 percent in the size of the company's traditional target market over the next few years. At the same time, he suggested, a new chain should be developed which would appeal to the children's market. 'Children', he said, 'are the ultimate fashion accessory. We need to capitalize on this'.
He also pointed to the research evidence, which suggested that buyers wanted better quality, something for which Dynamics Fashion had never had a particularly strong reputation. Instead, the company had concentrated on developing a strong fashion element at 'popular' prices. While this strategy had undoubtedly been successful, there was now a need to begin the process of making a series of fundamental changes. Ndebele also argued for the need for a rethink in the approach to store design. Competition from other retail chains had become ever more aggressive during the early 1990's, and evidence existed to suggest that buyers were looking for new and more exciting shopping experiences. An essential element in this was the retail concept, something which had taken a significant step forward in the early 1990s in the repositioning and renaming of one of the company' major competitors. Ndebele also pointed to the need to begin looking towards opportunities overseas. The 'Zimbabwean market', he suggested, offers 'only limited scope for growth. We need to get into some of the other regional markets particularly South Africa'. He went on to point out that the South African market was growing at a faster rate than any other. Indeed, without telling the main board or getting agreement, he had already gone ahead with plans to begin selling into one of the largest chains of South African fashion stores.

Each of these arguments was rejected by the main board on the grounds of cost and perceived risk. Following Ndebele's resignation, the group appointed his replacement one of their fast-track corporate finance staff. With little direct retailing experience, he set about reorganizing the company. In doing this, he slashed Ndebele's plans for development. Largely because of this, a significant number of the team who had worked with Ndebele and who very largely saw themselves his protégés left. In most cases they were snapped up by competitors who placed considerable value on the training and experience to which they had been exposed.

As the recession of the mid-1990s continued to bite, turnover dropped. The new managing director's almost desperate response was to pursue an aggressive price-cutting policy and to reduce overheads as far as possible. The annual strategy review at the end of 1994 (two years after Ndebele's replacement had taken over) painted a dismal picture. Sales were down, market share was slipping, staff were demoralised and, as a market research report highlighted, the image of the chain in the 15-25, 25-30 and 30-40 age groups was confused. In short, Dynamic Fashions was no longer a leader or even a serious player in the young fashion market.

ADAPTED FROM: Marketing case studies 2nd edition. Lester Massingham and Geoof Lancaster.

QUESTION 1

(a) Prepare a SWOT analysis of Dynamic Fashions for both the period before takeover and for the period at the end of the case. **[15 Marks]**

(b) Discuss the implication of your analysis and recommend possible course of action. **[10 Marks]**

b) In order to retain its market leader position, what competitive moves would you recommend to Dynamic Fashions. **[15 Marks]**

QUESTION 2

Using examples / illustrations, discuss how the Boston Consulting Group (BCG) Matrix Can be applied in strategic planning in an organizational set-up. **[20 Marks]**

QUESTION 3

Discuss any two portfolio analysis models indicating their usefulness to marketers. **[20 Marks]**

QUESTION 4

According to Porter ME (1986) the attainment of a sustainable competitive advantage entails the pursuit of what he calls ‘Generic Strategies’

(a) With reference to a firm of your choice, explain what you understand by these strategies **[15 Marks]**

(b) Discuss their main advantages and pitfalls **[5 Marks]**

QUESTION 5

Discuss market leader strategies giving appropriate examples. **[20 Marks]**

QUESTION 6

Using the product/service of your choice discuss how marketers manipulate the marketing mix variables as the product/service move along the Product Life Cycle. **[20 Marks]**

QUESTION 7

You are a marketing consultant to Telecel Zimbabwe. Your task is to conduct a competitor analysis for the company. What issues will you cover? **[20 Marks]**

END OF EXAMINATION