

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

MARKETING MANAGEMENT - CBU 4108

FINAL EXAMINATION - DECEMBER 2013

TIME ALLOWED: 3 HOURS 15 MINUTES

INSTRUCTIONS TO CANDIDATES

Answer question **one** and any **three** questions from section B

INFORMATION TO CANDIDATES

- (i) All questions in Section B carry **20** marks
- (ii) Questions can be answered in any order
- (iii) Credit will be given for use of appropriate examples
- (iv) This paper contains seven questions

SECTION A

Question 1

Case study: Lifestyle Holdings growth trajectories

Lifestyle Holdings, which recently de-listed from the Zimbabwe Stock Exchange (ZSE) to seek shelter in Mauritius, is a diversified conglomerate whose strategic business units include TN Grill, a fast foods outlet; TN Harlequin Luxaire, a furniture outfit that mutated from Tedco; TN Mart, a grocery business; Pelhams, a separately listed furniture group that competed with TN Harlequin as well as TN Livestock Trust, the conglomerate`s innovative cattle banking initiative that is set to redefine Lifestyle Holdings` business.

The conglomerate`s furniture concern, TN Harlequin Leisure is looking up to the regional export market for its household furniture products in the post demerger period following the separate listing of TN Bank which was later rebranded into Steward Bank by the acquiring company, Econet Wireless Zimbabwe Limited. The company has nestled into a niche corner

of the luxurious household goods market in Zimbabwe. Immediate focus, according to the company, will however be on having the manufacturing arm supply 70% percent of its products to export markets while retaining 30% for the local market and this is expected to proceed the ramping up of capacity.

The trend for companies elsewhere in Africa is to move into other countries in the region and most South African companies with access to large investments are slowly moving out of their home countries and setting up businesses in countries such as Kenya, Tanzania, and Botswana among others.

But for Lifestyle Holdings, formerly TN Holdings, things have particularly been rosy for the retail furniture division, which accounted for about 63 percent of the group`s total revenue for the half year ended 30 June and the manufacturing division`s productive capacity has been significantly increased such that the local market can now take up to 30% of the production capacity with the 70% of the remaining capacity being earmarked for regional expansion once management has finalised plans to enter into the regional furniture market. The other good tidings that has been buoying the furniture division is that long term supply agreements have now been concluded with a local company based in the eastern highlands for raw materials such as boards and timber.

Further, the acquisition of the Wood Industries assets comprising a timber processing facility in Bulawayo has enabled TN Harlequin Leisure to achieve fairly competitive timber costs with direct benefits being passed onto the consumer. Besides the furniture business, Lifestyle holdings successfully launched the TN Mart and TN Grill outlets during the second quarter period.

TN Mart now has two branches while there are five branches under the TN Grill fast foods counter. The branches have already been launched and are expected to break even by year end as they are considered significant growth areas.

The company is planning to open more TN Grill outlets in areas that are outside Harare while a recent deal in which the company will utilize Rufaro Marketing beer halls will enable TN

Mart and other retail interests to be accessible to a larger number of people in the high density suburbs.

Beyond furniture, fast food and retailing, Lifestyle holdings `s unique undertaking, the livestock banking business is expected to continuously add value to the company. Incorporated in June 2012, TN Livestock Trust (TNLT) `s core business is the provision of cattle banking services to cattle farmers, an initiative that brings farmers into capital markets while the resultant improved liquidity is expected to spur a multiplier effect of further economic activity in the rural and farming communities.

Using the value of cattle deposited with TNLT, cattle farmers are able to access loans from financial institutions for productive purposes such as farming, small businesses as well as other smaller loans for payment of school fees and other incidentals. As TNLT will be holding large numbers of cattle, the company will take the opportunity to breed the cattle with improved pedigree bulls thus improve the quality of cattle in Zimbabwe. Further, farmers indicate their preferred breeds and these are the bulls that the company will use for breeding.

TNLT is also in the process of expanding the cattle banking concept to all farmers and all provinces in Zimbabwe, in addition to setting up an out-grower scheme where cattle depositors will grow feeds and forages for the cattle deposited with TNLT. The company is also engaging fertiliser and seed companies to offer inputs to their farmers at favourite rates while company plans reveal that the cattle depositors are also going to be the major suppliers of vegetables, chickens and eggs to TN fast food outlets.

However, according to TNLT, the unique initiative is not without obstacles and the catalogue of challenges include availability of agricultural land on which to set up new branches, need for long term tenure on farms, risk of veld fires and the imperativeness of educating farmers to make them understand the benefits of cattle banking since this is a new concept. Despite the challenges, visionaries at Lifestyle Holdings have a contagious conviction that theirs is a sound business model. According to Lifestyle Holdings CEO (Mr Tawanda Nyambirai), the company `s business model is just the beginning which is easily despicable and unless you get a glimpse of the vision, it can be hard to get the big picture!

(Adapted from Business Press, Volume 13 September 2012, excerpts from Daily News of 22 September 2013 and www.fingaz.co.zw)

Required:

- a) Evaluate the growth initiatives driving Lifestyle Holdings` marketing strategies. **[20 Marks]**
- b) Explain how Lifestyle Holdings is managing the bargaining power of suppliers in its industries. **[6 Marks]**
- c) Assess the current and potential value-creating synergies in the Lifestyle Holdings portfolio. **[8 Marks]**
- d) Describe how TN Livestock Trust has been able to offer exceptional utility to cattle depositors through product augmentations. **[6 Marks]**

SECTION B

Question 2

‘The principles at the heart of marketing management are universal and it makes no difference whether you are marketing minerals, life assurance policies, smartphones, aircraft or fast foods.’ Discuss. **[20 Marks]**

Question 3

Illustrate how an understanding of the consumer decision making process can help a marketing manager in formulating appropriate decisions. **[20 Marks]**

Question 4

‘Blue ocean strategy framework epitomises a radical departure from conventional ideas on strategic marketing’ Explain any **five** principles of blue ocean strategy. **[20 Marks]**

Question 5

“They say: ‘Do you sleep well at night with all the competition?’

I say: ‘I sleep like a baby.’ They say: ‘That`s wonderful’.

I say: ‘No, no. I wake up every two hours and cry!’

Because it`s true, you know. You have to feel that restlessness.”

Roberto Goizueta, legendary former Coca-Cola Corporation Chief Executive (Thompson and Martin, 2005:279)

Given the imperativeness of understanding competition, describe the competitor variables organisations need to consider when undertaking competitor analysis. **[20 Marks]**

Question 6

- a) “Doing business without advertising is like winking at a lady in the dark”, (Henderson, 1979). Analyse any **four** critical decision areas in advertising.

[10 Marks]

- b) ‘Research findings reveal that more than 80% of new products fail’. What advice would you provide to firms in Zimbabwe as to how to ensure the success of their new products?

[10 Marks]

Question 7

‘In relation to the importance of achieving relatively high levels of customer satisfaction in business, Leonard (1930) highlighted two guidelines:

Rule 1: The customer is always right

Rule 2: If the customer is ever wrong, re-read rule 1

Discuss the various ways through which marketing managers aim to achieve relatively higher levels of customer satisfaction. **[20 Marks]**

END OF EXAMINATION