

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

MASTER OF SCIENCE IN MARKETING

STRATEGIC MARKETING – CBU 5101

FINAL EXAMINATION – DECEMBER 2012

TIME ALLOWED: 3 HOURS 15

MINUTES

INSTRUCTIONS TO CANDIDATES

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

INFORMATION TO CANDIDATES

- (i) Section A carries **40** marks.
 - (ii) Questions may be answered in any order.
 - (iii) Credit will be given for the use of appropriate examples.
 - (iv) This paper contains **seven** questions.
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SECTION A

Question 1

Part 1

Few toy brands can claim to have caught the imagination of as many children as Lego, the plastic studded brick which children use to assemble models. Since the first plastic brick was introduced in 1949, the family-run business has sold more than 200 billion bricks in over 140 countries. In 1998 Lego recorded its first loss, despite a global market share of the construction toy market of 80%. It is apparent that competition from multimedia toys and the emergence of other brands of plastic construction toys, such as K'nex and Mega Bloks, had caught Lego unaware.

Further, a toy industry source said: 'Nowadays the core Lego brands have a short appeal to children. They seem to be growing up much quicker and by the age of three are discarding Lego for Action Man or the equivalent. By the age of eight, children are hooked by shoot'em computer software'.

Source: based on an extract from *Marketing Week*, August 2000.

Required

(a) From the illustration, at what stage is Lego in terms of the product life cycle? Explain.

(3 marks)

(b) In light of the above, discuss the marketing strategies Lego might use to maintain its market share in the construction toy sector.

(12 marks)

Part 2

Globalisation in the car industry has produced a high level of mergers and acquisitions in recent years, resulting in a reduction in the number of motor car manufacturers and an erosion in the strong national identities which have for so long characterised the industry. However, despite the decrease in the number of manufacturers, the number of product offerings is increasing as each manufacturer identifies additional market segments it wishes to target.

Brands previously associated with the mass market are attempting to appeal to a more discerning and less price sensitive consumer, whilst up-market brands are introducing 'affordable' versions to appeal to a wider base of car buyers. Consolidation in the industry has resulted in some novel company associations. Malaysia's Proton, a manufacturer of bargain basement cars, now has an 80% stake in the UK high performance sports car builder Lotus.

Lotus has an enviable position in an industry suffering from 30% over-capacity in mass market produced cars. Its 12 month waiting list of would-be owners demonstrates that a globalised industry can still accommodate niche players. In the last two years Lotus has

returned healthy profits and is judiciously increasing output and developing markets outside the UK.

Source: based on an extract from *Marketing Business*, July/August 1999.

As a marketing consultant observing these developments in the market, advise Lotus on:

- (a) The advantages and disadvantages of the company extending its Lotus brand name to a more 'affordable' car model. **(10 marks)**

- (b) An alternative branding strategy that the company can use and why? **(5 marks)**

- (c) Assuming that Lotus intends to follow a 'Best Cost Provider Strategy', by leveraging on the strengths of Proton and the original Lotus, explain how the company can use the value chain to succeed with this strategy. **(10 marks)**

SECTION B

Question 2

'Organisations which follow the marketing concept are said to be market oriented'.

- (a) Using examples of a Zimbabwean company of your choice, highlight the benefits of being marketing oriented and the challenges marketers face in implementing the concept. **(10 marks)**

- (b) Given the changes in the internal and external environment of organisations, is the marketing concept still the most relevant for today's organisations? Discuss. **(10 marks)**

Question 3

(a) 'The intensity of competitive rivalry in an industry segment depends on a number of factors'. Identify these factors and discuss them in the context of a Zimbabwean industry of your choice.

(10 marks)

(b) Can the cost leadership strategy allow a company to earn above-average returns in an industry despite strong competitive forces? Discuss.

(10 marks)

Question 4

'NBL, a manufacturer of blankets and allied products has been operating in Bulawayo for a number of years, but has been experiencing challenges in the market it is serving. The company is thus looking for alternative ways to grow its business'. Using Ansoffs growth matrix, advise management on the different ways the company can grow its business looking at the pros and cons of each alternative.

(20 marks)

Question 5

'The nature of marketing today is not only about satisfying the consumer, it is also about outwitting and outfitting one's competitors in the market battle-field'. Explain how this can be achieved using marketing warfare strategies.

(20 marks)

Question 6

'Companies that fail to develop new products are putting themselves at risk. At the same time, new product developments are risky'.

(a) Explain the basis for the above statement.

(10 marks)

(b) Discuss how a company can go about mitigating against the risks associated with new product development.

(10 marks)

Question 7

'It has been suggested that about half the money spent on advertising is wasted'.

(a) Would you agree with this statement or not? Explain. **(8 marks)**

(b) Using examples to support your argument, discuss how the effectiveness of advertising expenditure can be measured to improve the likelihood of success in a promotional campaign.

(12 marks)

END OF EXAMINATION