

BA 321

UNIVERSITY OF SWAZILAND
DEPARTMENT OF BUSINESS ADMINISTRATION
FINAL EXAMINATION MAY 2006

TITLE OF PAPER (COURSE) : **MARKETING MANAGEMENT**

DEGREE AND YEAR OF STUDY: **DIPLOMA IN COMMERCE 3**

TIME ALLOWED **:** **TWO (2) HOURS**

INSTRUCTIONS **:**

- 1. TOTAL NUMBER OF QUESTIONS ON THE PAPER IS 5**
- 2. ANSWER QUESTION 1 IN SECTION A AND ANY TWO (2) FROM SECTION B**
- 3. MARKS AWARDED ARE INDICATED AT THE END OF EACH QUESTION**
- 4. MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH LANGUAGE AND FOR ORDERLY PRESENTATION OF YOUR WORK.**

SPECIAL REQUIREMENTS: **NONE**

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

INSTRUCTIONS

ANSWER SECTION A AND ANY TWO (2) QUESTIONS FROM SECTION B.

SECTION A: (COMPULSORY)

QUESTION 1: MARKETING OF SERVICES

MARKETING "WELLNESS"

Are you looking for an alternative exercise program? How about karate or taichi? Perhaps you're interested in learning how to relieve stress by keeping a journal. You might even pay a visit to the health club or steam room before leaving the hospital.

Yes, the hospital. Once known simply as the place to go when you're ill or need surgery, hospital today are reaching out to new markets. Insurers and managed-care companies are cutting the reimbursements they pay to hospitals for administering health care, and government regulations are pressuring them to limit the number of days patients spend there. In 1981, U.S. hospitals averaged a 76 percent occupancy rate; today, the occupancy rate is down to 66.1 percent and still falling.

The results is that, like any other industry faced with declining revenues, hospitals are searching for new ways to market themselves. Many have turned to wellness programs - programs that concentrate on preventing illness. "A lot of hospital are realizing that wellness is where it's at today," says Sandy Wendel, spokesperson for the Wellness Councils of America.

Wellness is a broad term that can include a wide variety of classes, programs, and facilities. Most wellness programs offer free testing for cholesterol levels and high blood pressure. Many also offer classes in meditation, aerobics, weight-loss management, or yoga. Some hospitals are building fancy fitness centers and health clubs with all the extras, including pools, jogging tracks, basketball courts, Nautilus equipment, steam rooms, whirlpools, and saunas. The Association of Hospital Health and Fitness Centers estimate that there are roughly 150 hospital-based fitness centers nationwide, nearly all of which have opened in the last 15 years.

Some even acquire the status of community centers, such as the health center at Riverside Walter Reed Hospital in Gloucester, Virginia. About 400 Gloucester County resident visit the center everyday; often they bring their families and spend several hours socializing and working out. In fact, on a typical day there are five times more people in the health center than there are patients in the hospital. The health center has even hosted no alcohol parties for young people, which are both responsible and fun.

While some wellness programs can be beneficial, critics question the motives behind them. Free cholesterol and blood pressure tests could steer more people to doctor's offices and, possibly,

into hospital beds. Undoubtedly, hospital managers hope that patients who need hospitalization will be more likely to choose one with which they are already familiar. "By raising attention to health issues, you send people to the doctor," says Donald Gemson, professor of clinical health at Columbia University and medical director at Merrill Lynch & Co. "I would guess that's a part of their interest in the wellness field. The more you test people, the more you will get business." "We do too much testing," comments one federal health official. "Just because a little prevention is good does not mean a lot of prevention is better."

"These are ways to capture patients," admits John Green, head of the Association of Hospital Health and Fitness centers. "You walk in, sign up. The first thing they do is give you a health risk appraisal. If you are at risk, you are given a physician - administered stress test, or sent to a physician. So we have taken this pool of people, and sent them to doctors, or to the hospital. They have entered the hospital pool."

These services can be expensive. As an example, Piedmont Hospital's fitness center in Atlanta costs \$150 to join and \$45 a month after that. As one health center director admits, "We have a capitalistic motive here." Adds John Green, "It is not unusual for a large center to be earning half a million dollars a year in net profit".

QUESTIONS

1. Is it ethical for hospitals to enter the wellness industry? Explain your answer. (15)
2. Are there other strategies besides wellness programs that hospitals might use to expand their markets? Discuss. (10)

TOTAL : 25 MARKS

SECTION B

ANSWER TWO (2) QUESTIONS FROM THIS SECTION

QUESTION 2

- a. **Discuss the five forms of trade restrictions that a company must be prepared to face if it chooses to go into international marketing. (15)**
- b. **What does analyzing the current marketing situation of a marketing plan entail? (10)**

TOTAL: 25 MARKS

QUESTION 3

- a. **Discuss the five principles that are included in the concept of enlightened marketing. (15)**
- b. **Briefly discuss five characteristics of a customer - driven organization. (10)**

TOTAL: 25 MARKS

QUESTION 4

- a. **Discuss the three basic competitive strategies suggested by Michael E. Porter. (15)**
- b. **Discuss the three basic questions one should ask himself when preparing a marketing plan for a small business (10)**

TOTAL: 25 MARKS

QUESTION 5

- a. **Apply the five characteristics of services to the problem of marketing an airline. (15)**
- b. **Discuss the three levels which you can use to measure the attitudes that people have towards your organization. (10)**

TOTAL: 25 MARKS