

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
SUPPLEMENTARY EXAMINATION 2008
FULL-TIME AND I.D.E.

TITLE OF PAPER : STRATEGIC MARKETING MANAGEMENT
COURSE : BA 522
DEGREE AND YEAR:BCOM 5
TIME ALLOWED :THREE (3) HOURS

INSTRUCTIONS:

- 1. THIS PAPER CONSISTS OF SECTION (A) AND (B)**
- 2. SECTION (A) IS COMPULSORY**
- 3. ANSWER ANY THREE (3) QUESTIONS FROM SECTION (B)**
- 4. THE TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FIVE**

**NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN
ENGLISH AND FOR ORDERLY PRESENTATION**

**THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL THE INVIGILATOR HAS
GRANTED PERMISSION**

SECTION A (COMPULSORY)

READ THE FOLLOWING CASE AND ANSWER THE QUESTIONS BELOW

Bright Colours

Karen and Scott James began their interior decorating business, Bright Colours Pty Ltd, from the garage of their home in Melbourne's suburb of Camberwell in 1994. Scott, a builder by trade, had lost his job with a major construction firm during the economic downturn of the early 1990s. Karen had just completed an interior design course, so the couple decided they had nothing to lose by striking out on their own. Six years later, the business was growing almost faster than the owners could keep up with.

Bright Colours initially picked up jobs through family and friends, mainly in the suburbs near the James' home. The business then began to advertise in the local paper and this led to the first big expansion. Soon, Karen's time was completely occupied following up inquiries and preparing quotes and Scott took on the task of managing the jobs through a team of sub-contractors. In the early years, the jobs were limited to decorating for house renovations, then a few project contracts were won to complete the interior design for new houses being built. More recently, the firm had been asked to undertake some commercial work. A doctor friend had asked them to design the interiors for his new medical practice and this led to several others of this kind. Scott had also successfully tendered for the interior design and fit-out of a new four-storey office building in an outer Melbourne suburb. This job, while larger than any they had attempted previously, had not worked out well financially; probably, Scott felt, because of the large distance from their home where each trip to the site 'cost' several hours.

'It seems ridiculous,' the owners agreed one evening, 'but we're really getting more customers than we can deal with.' The real problem,' said Scott, 'is that not all our jobs are equally profitable. We don't always seem to pick the right ones to go after. "We've really grown to the point,' responded Karen, 'where we can't afford to think about all our jobs simply as, well, "customers", because they are all so different. We're going to have to start letting some jobs go, but which ones?'

QUESTION 1

- a) How can segmentation assist Karen and Scott? **(15 MARKS)**
- b) Which market segmentation bases or dimensions might be useful to help Karen and Scott with their dilemma? **(10 MARKS)**
- c) When they have segmented their market, would you recommend that Bright Colours adopt a market aggregation, single-segment concentration, or multiple-segment targeting strategy? Why? **(15 MARKS)**

SECTION B (ANSWER ANY THREE QUESTIONS)**QUESTION 2**

According to Michael Porter's Industry Structure Analysis, one of the forces affecting competition is the bargaining power of suppliers. Discuss the determinants of supplier power and how they can be reduced.

(20 MARKS)

QUESTION 3

a) Explain how environmental scanning can be of benefit to the organization. **(10 MARKS)**

b) Distinguish independent strategies from cooperative strategies **(10 MARKS)**

QUESTION 4

The transition from Market Growth to Maturity in the Product Life Cycle is often referred to as the "Shakeout Period". Discuss the characteristics that have earned this period such a name.

(20 MARKS)

QUESTION 5

Discuss why controls are imperative to strategy implementation and then identify the types of controls strategists can use.

(20 MARKS)