

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER

MAY 2010

TITLE OF PAPER : MARKETING MANAGEMENT
DEGREE AND YEAR : DIP. COM. III (FULL TIME & LEVEL IV IDE)
TIME ALLOWED : TWO (2) HOURS
COURSE CODE : BA 321/IDE-BA 321
INSTRUCTION : 1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER (5)
2. SECTION A IS COMPULSORY. ANSWER ANY TWO QUESTIONS FROM SECTION B
3. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE AS INDICATED ALONGSIDE THE QUESTION

NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY AND NEAT PRESENTATION OF WORK. FURTHER MARKS WILL BE AWARDED FOR THE USE OF RELEVANT EXAMPLES

SPECIAL REQUIREMENTS: NONE

THIS PAPER SHOULD NOT BE OPENED UNTIL PERMISSION TO DO SO HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION A: CASE STUDY (COMPULSORY)

BARCO: NEW LIFE ABROAD

The Japanese post-war consumer electronics boom left many European rivals gasping for air. But one Belgian company saw it as an opportunity to breathe new life into a tired range.

Barco, a thriving Bel-20 niche-market electronics group, is now seen as an innovative high-tech growth company and a solid profit-generator. It is one of a new breed of Belgian companies that have looked outside the country's narrow borders and captured a significant market share overseas.

In 1980, Barco, based in Kortrijk, near the French border, was a simple manufacturer of television sets. Its margins were low in a mass market sector increasingly dominated by Japanese brands. A radical change in direction was needed.

"In 20 years we have made a totally different company. And it will continue to change", says Hugo Vandamme, chief executive officer. A Barco employee for 25 years and chief executive officer (CEO) since 1989, he has overseen a switch to making high-technology image-related products. The transformation went a step further in 1999 when the company's activities, which include projection systems, Internet via cable, medical imaging, packaging and digital cinema, were focused into six separate divisions, each setting the target of retaining number one positions in the world in their sub-sectors.

Barco's flagship products include the huge screens seen on the tops of buildings in city centres to display news, advertisements and stock prices. The company provides both the screens and an Internet-based system that links the content of the screens to synchronise them across the world.

The changes propelled Barco to a stock market listing in 1986 and a Bel-20 spot by the early 1990s. Its employee numbers have grown from 1,000 in 1980 to 5,000 today. Its market capitalization of around \$2 billion reflects rising profits since its initial public offering. Its pre-tax profits for the first half of 2000 were \$51.6 million, a 15 percent increase on the year before. Barco expects full year profits to be \$190 million by 2004. These projections are backed up by the company's strengths in overseas markets.

Nearly 30 percent of Barco's revenues come from North America, a legacy of the company's founder who sold radio sets to the US at the company's inception in 1936. Even Barco's name – Belgian-American Radio Corporation – underscores the fact that it has never positioned itself as a Belgian or even European group. "We never look to develop a product that (purely) would fit the Belgian or European market. I tell our marketing and product managers to always think worldwide", says Mr. Vandamme. This strategy includes a shift to manufacturing in low-cost countries such as India.

Such flexibility, once a rarity among Belgian companies, has helped Barco withstand pressure from high-profile rivals such as NEC and Sony, in the projector sector. And, with a weak euro, Barco believes that it can expand its proportion of sales to non-euro-zone countries and to the US, in particular.

With growth in mind, the Barco board plans to split off and float each of the six divisions over the next decade, with the aim of raising capital for acquisitions and realizing the full value of each of the businesses concerned. These acquisitions are most likely to be in the US and the UK, but could be elsewhere. The recent creation of Euronext, the merger of the Paris, Brussels, and Amsterdam bourses, goes some way to facilitate Barco's expansion plans. The company's products are now widely seen as best-in-class. However, new life abroad for these products would require not only financial resources, but also the need to consider a number of critical international marketing issues.

Source: Kotler, P., Armstrong, G., Saunders, J. & Wong, V. (2002), Principles of Marketing, Prentice Hall, London, p. 153.

QUESTIONS

- a) What are the key factors that Barco should consider when deciding on which new country-markets to enter? **(5 marks)**
- b) Design a set of objectives for Barco as they enter the international market **(10 marks)**
- c) Barco seeks to grow through acquisitions. What other modes of market entry might Barco consider when expanding into foreign markets? Assess each entry mode's merits and disadvantages. **(15 marks)**
- d) Conduct an environmental analysis for Barco prior to entering the international market **(10 marks)**
- e) Design an international marketing mix for Barco to follow in one of its foreign markets. **(10 marks)**

SECTION B ANSWER ANY TWO QUESTIONS FROM THIS SECTION

QUESTION TWO

Using examples and providing detail, discuss **all the steps** in the strategic planning process **(25 marks)**

QUESTION THREE

Use practical examples to discuss the following competitive marketing strategies:

- a) Build (8 marks)
- b) Hold (8 marks)
- c) Niche (3 marks)
- d) Harvest (3 marks)
- e) Divest (3 marks)

QUESTION FOUR

- a) Based on what you have learnt in this course, define a customer **(5 marks)**
- b) Discuss the costs of poor customer service **(15 marks)**
- c) How should a company deal with a dissatisfied customer? **(5 marks)**

QUESTION FIVE

- a) Using examples, discuss the marketing mix. Discuss each of the elements in detail, using company examples **(15 marks)**
- b) Discuss the factors that lead to marketing being criticized by individual consumers **(10 marks)**