

**UNIVERSITY OF SWAZILAND**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**MAIN EXAMINATION 2010**

**TITLE OF PAPER:** STRATEGIC INFORMATION SYSTEMS

**DEGREE AND YEAR:** BCOM V (F/T) & BCOM VII (IDE)

**COURSE NUMBER:** BA 502/ IDE BA 502

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

**INSTRUCTIONS:** 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)

2. THE CASE STUDY SECTION (A) IS COMPULSORY

3. ANSWER ANY TWO QUESTIONS FROM SECTION B.

**Note** MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY PRESENTATION OF WORK

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

**TOTAL MARKS:** 100

## **SECTION A: CASE STUDY**

### **COMPULSORY**

#### **Emerging Role of IT in the Marketing Strategy of Coca-Cola**

Coca-Cola has been a leader in non-alcoholic beverage industry and has dominated that market over the past century. But due to globalization, the beverage market has become more volatile, where fickle customers constantly switch drinks. The global beverage market is also getting fragmented at a faster pace with new products being introduced by the emerging companies. These companies are creating niche products and are chipping away Coke's market share. To preserve its leadership position, Coke needs to constantly innovate and introduce new products at a faster rate than its competitors. It has to understand the emerging taste and adapt to that on a global scale. Most importantly, it has to do all this without tarnishing its brand.

Obliviously, Coke is planning on using existing IT technology to collaborate—among employees, with bottlers, with consumers—and considers it as vital to remaking its business to chase fragmented and fast-moving global markets. IT initiatives is going to play a make-or-break role according to Information Week article “Coke Exploits Collaboration Technology to Keep Brand Relevant”

The article talks about Coke's plan to tackle the collaboration strategy with a three pronged approach.

- For internal collaboration, Coke has implemented what it calls its Common Innovation Framework, a system that combines project management and business intelligence (BI) capabilities to give operating units in 50 countries the ability to search for and reapply concepts used in developing and marketing beverages produced by Coke. The common Innovation Framework provides a global view into the product pipeline, which lets, for example, one business unit mine for product ideas by searching beverage or brand concepts that worked well in other countries. The Innovation Framework also helps Coke recognize duplicate product ideas and helps the company to combine efforts.
- As for working with its extended family of bottlers, Coke is using SAP's ERP software, delivered via Coke's IBM hosted data centers to standardize business platform and streamline its supply chain. Improved communication and collaboration between Coke and its bottlers will enable Coke to smooth peaks and valleys in its demand forecasting. The rising costs of raw materials only make that close collaboration more important.
- Coke's trying to cozy up to the kids through its [www.mycokerewards.com](http://www.mycokerewards.com) Web site, which has 40 offshoot sites worldwide geared toward specific interests. The result is a social network built around Coke's loyalty program that pulls people in by tapping their tastes in sports, music, and entertainment.

Coca-Cola's investment in the collaboration IT software will help it in achieving two aspects of its marketing strategy.

*Market Dominance Strategy:* With the first and third approach, Coke will be able to continue its Market Dominance Strategy. These approaches will enable and strengthen Coke's as a leader in non-alcoholic product. By keeping track on its effort to bring out new innovative product, Coke can streamline innovation and keep its competitors at bay. Collaboration with the customers will also enable it to exploit creative skills of its 'prosumers' who are willing to provide ideas for its product innovation. It can deepen the relation with its ever growing global consumers and enable Coke to continue to strengthen its brand.

*Defensive Strategy:* With the second approach mentioned above Coke will be able to create a good defensive strategy. Streamlining Supply Chain should allow Coke to continue to invest and strengthen its wide global distribution network thus increasing its market penetration. That should enable Coke to protect its turf before any potential competitive threats.

One thing to watch for is that Coke's product proliferation (introducing multiple SKUs to target every fragmentation in market segment share) may undercut the 'Coco-Cola' brand's halo effect. Collaboration technology or Enterprise Application may not be able to solve that problem.

Source: <http://itstrategyblog.com/emerging-role-of-it-in-the-marketing-strategy-of-coco-cola/>

## **SECTION A:**

### **QUESTIONS**

- a. What would be your assessment of the likelihood of success of this strategy (20)
- b. Comment on the statement "Collaboration technology or Enterprise Application may not be able to solve the problem" of product proliferation in line with the ability of information technology to improve competitive advantage. (10)
- c. Why is an understanding of the value chain important in this case? (20)

## **SECTION B**

Answer any *two* questions from this section.

### **Question 1**

What drives better information technology governance and what does an organization stand to benefit from that? (25)

### **Question 2**

Discuss the critical issues to consider to ensure a successful outsourcing exercise. (25)

### **Question 3**

Why is it necessary to match the information technology strategy with the business model? (25)

### **Question 4**

As an Information Technology Manager, you are invited by the Board of Directors to defend a project that costs E1.3m. How can you defend this project? (25)