

UNIVERSITY OF SWAZILAND  
FACULTY OF COMMERCE  
DEPARTMENT OF BUSINESS ADMINISTRATION  
SUPPLEMENTARY EXAMINATION PAPER      JULY 2011

TITLE OF PAPER           :     MARKETING MANAGEMENT  
DEGREE AND YEAR        :     DIP. COM. III (FULL TIME & LEVEL IV IDE)  
TIME ALLOWED           :     THREE (3) HOURS  
COURSE CODE             :     BA 321/IDE-BA 321  
INSTRUCTIONS            :     :

1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER (5)
2. SECTION A IS COMPULSORY
3. ANSWER ANY TWO QUESTIONS FROM SECTION B
4. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE AS INDICATED ALOGSIDE 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 PERMISSSION TO DO SO  
HAS BEEN GRANTED BY THE INVIGILATOR.

## SECTION A : CASE STUDY (COMPULSORY)

### 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, hospitals 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 % occupancy rate; today, the occupancy rate is down to 66.1% and still falling.

The result 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 hospitals are realising 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 centres 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 Centres 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 residents visit the center everyday; often they bring their families and spend several hours socialising and working out. In fact, on a typical day there are five times more people in the health centre 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 programmes can be beneficial, critics question the motive 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 marks)**
2. Are there other strategies besides wellness programs that hospitals might use to expand their markets? Discuss. **(10 marks)**

### **SECTION B**

### **ANSWER ANY TWO (2) QUESTIONS FROM THIS SECTION**

#### **QUESTION TWO**

Discuss the distinctive characteristics of non profit organizations. **(25 marks)**

#### **QUESTION THREE**

- 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 FOUR**

Discuss the criticisms leveled against marketing with regard to individual customers, society, as well as other businesses. **(25 marks)**

#### **QUESTION FIVE**

- a) Discuss the reasons why companies decide to operate abroad. **(15 marks)**
- b) Discuss the barriers to trade that companies face as they try to go international. **(10 marks)**