

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
SUPPLEMENTARY PAPER
JULY 2012

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TITLE OF PAPER : SERVICES MARKETING
COURSE CODE : BA 424 FULL TIME, BA 424 IDE
TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS

1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER (6)
2. SECTION A IS COMPULSORY
3. ANSWER ANY THREE (3) QUESTIONS IN SECTION B
4. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE INDICATED ALONGSIDE THE QUESTION

NOTE:

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

SPECIAL REQUIREMENTS: NONE

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

RETAILERS READY TO JUMP INTO AFRICA. The scramble to set up shop in countries north of South Africa is hotting up among competitors.- Adele Shevel

(Sunday Times, News, Business Times ,August 21,2011)

Shoprite and Massmart are the frontrunners in SA's retail scramble for Africa, but others are also positioning themselves for expansion on the continent. Shoprite has 76 supermarkets in 15 African countries outside SA, and 319 stores in SA.

Massmart is in 12 African countries and earlier this year US retail giant Walmart bought 51% of Massmart, specifically to secure a position in Africa.

Massmart's discount store, Game, and its wholesale arm CBW operate outside SA, and a Builders Warehouse store is scheduled to open in Gaborone, Botswana, next month.

Global consulting firm McKinsey & Co says the number of households in Africa with discretionary income is expected to increase by 50% over the next 10 years to 128 million households.

There are 67 large cities in Africa, each with a population of more than a million people. But many of these markets are under serviced.

Shoprite and Massmart released full years results this week and the market will be watching for signs of growing rivalry between the two as Massmart extends further into Shoprite's traditional turf in the low income market.

Massmart has prioritized expansion at this level especially in fresh foods, as well as expansion into Africa.

Both have had to contend with a strong rand and economies that are recovering from the recession in their African operations.

Shoprite's sales update released last month disappointed analysts. It said turnover would grow 7.3% to R72.3 billion in the 52 weeks to end June.

The market will be looking for clues to see how CEO Whitey Basson and his team plan to take on Cambridge Foods, Massmart's low income retail offering.

Massmart said in a trading update last month that sales for the year to June rose 11.7% to R53 billion, with the biggest increases at Massbuild and Makro. This occurred as prices fell 1.3% over the period.

Nedcor Securities retail analyst Syd Vianello expects a 35% to 40% reduction in dividend payout from Massmart in order to finance the roll out into Africa if not this results period, then the next Massmart also needs to align its dividend policy with Walmart Stores.

Meanwhile other SA retailers are clamouring to increase their exposure to Africa. Pepkor, SAs largest clothing retailer by branches is to open stores in Nigeria.

This week Pepkor chairman Christo Wiese told Bloomberg the group would invest about R100 million in the first phase of operations. Pepkor plans about 50 outlets in Nigeria and will open its first Nigerian store this year.

Wiese, who is also chairman of Shoprite, says: "There are huge opportunities as well as constraints.

Shoprite's expansion plans have been kept in check because of difficulty in obtaining good store locations on the continent.

Woolworths is in eight countries in Africa outside SA and will be opening its first store in Nigeria within six months.

Woolworths CEO Ian Moir says the group will add 16 stores to its portfolio in Africa this financial year, which would take the total number of stores in Africa to 60. About 95% of the products in Woolworths stores in Africa is clothing.

Clothing retailers Mr Price is also growing its African footprint into Nigeria, Angola and Ghana.

SECTION A

QUESTIONS

1. The second scramble for Africa has begun. Discuss **(20 marks)**
2. There are a number of challenges in setting up shop in North Africa. Which is the most critical and why ? **(4 marks)**
3. In your experience is this challenge as significant in Swaziland ? What are other challenges are peculiar to Swaziland ? **(3 marks)**
4. What products will be used to capture new markets, and why ? **(3 marks)**
5. There are several Retailers in the scramble. Discuss their performance and rate their potential. **(10 marks)**

SECTION B

QUESTIONS

- Q.1 a. Why are services important to study and analyse? **(6 marks)**
- b. What challenges do services present to marketers **(14 marks)**
- Q. 2 Positioning distinguishes a brand from its competitors. There are three basic steps in Identifying a suitable market position.
- Name these steps, and explain them with examples **(20 marks)**
- Q. 3 Ethical decisions making is key. There are seven strategies for controlling ethical decision making. Name and explain with examples five of these. **(20 marks)**
- Q. 4 Service failures are common in most companies, and are too costly to live with. It is therefore critical for every company to have service recovery programmes.

Name and explain five elements / components of a service recovery programme a company can put in place. **(20 marks)**

Q. 5 The additional 3Ps in the marketing of services is a result of their special nature, and importance.

Name these 3Ps and describe them with examples. **(20 marks)**