

University Of Swaziland
Faculty Of Commerce
Department Of Business Administration
Main Examination Paper
December 2012

TITLE OF PAPER : MARKETING COMMUNICATIONS

COURSE CODE : BA 320 Full-Time

TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS:

1. TOTAL NUMBER OF QUESTION 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, AND 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.

Mr Price Launches Online First

The retail group has gone digital to reach tech-savvy young people. Its pioneering CEO tells Chris Barron why

The much-hyped e-commerce revolution still hasn't happened in South Africa, but Mr Price CEO Staurt Bird thinks the time is ripe. He'd better be right. This week, his retail group launched the country's first online fashion store.

"This is early in the cycle, and it's a cycle that has played out similarly in other markets in the UK, Europe, the US, Australia and even some emerging economies like China and Brazil, where e-commerce has started to take off," said Bird. "We don't see SA as that different."

In the UK, 15% of shoppers buy fashion online, according to Old Mutual Investment Group retail analyst Jeanine Van Zyl. Australia reached 5% "very quickly" in the past three years.

The biggest hurdle for this hip clothing retailer will be the notoriously unreliable Post Office, the channel of delivery.

"We thought long and hard about it," said Bird, who was initially sceptical. "But our guys have done the research and it came up positively, so we're prepared to go with it at this point."

"If it doesn't deliver, we'll just close that channel if we have to. But I don't think we will have to".

E-commerce stands or falls by its ability to deliver. So it's no surprise that Mr Price's brains trust "put a lot of focus on that".

"We've tested our system way beyond what the volumes are that we're expecting." said Bird.

But are South Africans tech-savvy enough to realise his dreams? Van Zyl thinks young people are, and that's largely Mr Price's market for clothes. "That is a market that wants online shopping," she said.

"The youth are very connected. They've got their smartphones and for them it's a no-brainer."

Mr price believes its face-book site is South Africa's fourth-most followed.

"This makes you think their consumer is tech-savvy and is looking at fashion on their site. It's a very small step from there to going through to the 'click on here to buy,'" Van Zyl said.

Mr Price's calculations are based on a generation of South African skipping landline-based technological platforms.

Bird said: "We believe the whole personal computer platform is also going to be skipped. People are going to go straight to mobile device."

Research backs him. It shows a significant and fast-growing portion of the population accesses the internet on smartphones.

“This is why we’ve gone mobile from day one, which no one else has done, because we see it as a real point of differentiation, and it certainly puts us into that market at an early stage.”

Other retailers have online offerings, but mostly, as with Woolworths, limited to food. Where they have fashion sites they’re for browsing.

“I think we took our online offering a lot more seriously than others,” said Bird, “Our’s is a far more comprehensive effort.”

Coming in a bit later, Mr Price could take advantage of mistakes “others might have made and paid school fees for earlier on”.

Mr Price’s big global service providers gave it a lot of direction. “We’ve got a lot of input from retailers in the US and UK on what we should do, what we should watch out for, what has or hasn’t worked for them.”

Through its online store, everyone in South Africa will have access to its full range. Until now they’ve had to go to its bigger stores, only 30 out of 360 countrywide. “The economics doesn’t allow us to open a bigger store everywhere.”

Bird said the online store would give Mr Price access to new markets outside SA, in Africa and abroad.

Many of the calls the company got to open an online store came from expat South Africans in the UK and else-where, he said. The logistics of delivering to consumers in Africa are too daunting to be done from South Africa.

Online shoppers within striking distance of Nigeria will be serviced from two big stores the company will have there by year's end.

Bird said Nigeria was a huge untapped market for online shopping as a serious shortage of formal retail space made it the only option.

He said the launch of its online store would not affect the number of bricks-and-mortar stores Mr Price opens or operates in South Africa.

"That hasn't happened even in market like the US and UK, where online has been a significant element of retail for a while.

"So at this point we're still going to be rolling out lots of stores (70 in the next year) in South Africa."

There will be no price benefit for online customers, as overseas experience shows special treatment for online customers can backfire.

Newsmaker: Stuart Bird—Sunday Times, August 5, 2012. Business and Careers.

SECTION A

Questions

1. What are the major reasons for having an on line store for Mr Price. (5 marks)
2. How does Mr Price differ from its competitors as far as online shopping is concerned ? (5 marks)
3. What is seen as the biggest constraints/bottlenecks/challenges with Online shopping in South Africa. (5 marks)
4. Mr Price online shopping also means growth in new markets. Discuss. (10 marks)
5. Would you recommend online shopping for Mr Price in Swaziland ? Discuss. (15 marks)

SECTION B

Questions

- 1,** Integrated Marketing Communications (I.M.C) must ultimately influence behavior of the targeted market. Discuss with examples the key I.M.C. features. (20 marks)
- 2.** Marketing communications (Marcom) implementation decisions are both practical and tactical. Briefly describe the issues involved in Marcom implementation decisions. (20 marks)
- 3.** What is meant by brand and brand equity? What positive outcomes are associated with increases in brand equity as far as a company is concerned? (20 marks)
- 4.** Green marketing is the buzz term today. Discuss the major initiatives/areas that are being addressed by some Companies. (20 marks)
- 5.** Describe the ethical issues involved in targeting with relevant examples. (20 marks)