

**UNIVERSITY OF SWAZILAND**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**

**MAIN EXAMINATION 2013**

**FULL-TIME**

TITLE OF PAPER : INTERNATIONAL MARKETING  
COURSE : BA 323/426  
DEGREE AND YEAR : BCOM 3&4  
TIME ALLOWED : THREE (3) HOURS

**INSTRUCTIONS:**

- 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)**
- 2. SECTION (A) IS COMPULSORY**
- 3. ANSWER ANY THREE (3) QUESTIONS FROM SECTION B**
- 4. THE TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FIVE (5)**

NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION  
IN ENGLISH AND FOR ORDERLY PRESENTATION

THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR HAS  
GRANTED PERMISSION

**SECTION A (COMPULSORY)****READ THE FOLLOWING CASE AND ANSWER THE QUESTIONS BELOW****THE BATTLE OF THE BEER BRANDS IN SOUTH AFRICA**

The domination of SAB Miller as one of the big three multinational beer producers has been ascribed to various reasons, foremost of which has always been their dominance in South Africa, their home base. So much so, that they were seen as the monolith taking on all newcomers to the market. The market share of 98% of the South African clear beer market has always been their foundation from where they attacked world market beer markets and proved that a domestic South African company can become a truly multinational organization. The last time SAB Miller faced a significant challenge to their near monopoly in South Africa was in the 1970s when Louis Luyt and intercontinental Breweries waged an unsuccessful war for the South African market.

Now in 2010 SAB Miller has for the first time a serious challenge in their own backyard in the form of Brandhouse a joint venture company owned by Diageo PLC, Heineken International and Namibian Breweries. The credentials of the joint venture partners are impressive, Diageo is the world's largest alcohol beverage company, Heineken is the fifth largest brewer in the world and Namibian Breweries has a long standing German beer brewing beer tradition.

The brand names of Brandhouse are Heineken, Armstel, Windhoek and Guinness. Some of the other liquor brands include Johnnie Walker, J&B, Bell's, Tanqueray, Captain Morgan and Bertram's VO. Brandhouse has, according to claims, about 11% of the beer market and sees great growth potential.

SAB Miller also has a solid list of brands, Carling Black Label (the best selling beer), Castle Lager, Castle Light as the premium light beer leader and Hansa, a German pilsner alternative to the Brandhouse's Windhoek. There are more premium brands in the SAB Miller stable, namely Miller Genuine Draft, Pilsner Urquell, Peroni, Grolsch, Hansa Marzan Gold and Dreher. All of these premium brands are pitted against Armstel, Heineken, Windhoek and Guinness of Brandhouse. The idea is to 'swamp' the premium

been market in South Africa. It is estimated that Brandhouse has 54% of the premium beer market.

According to Everitt-Penhale, the marketing director of SAB Miller, beer marketing in South Africa is based on the principles of masculinity, friendship, outdoors and sports. Sponsorships are very important to SAB Miller's marketing strategy, especially the major sports of soccer, cricket and rugby. The marketing angle is that beer lovers are also sports supporters and the values are camaraderie, masculinity and national pride.

Only time will tell if the most recent attack against SAB Miller in its own backyard will be successful but it is the stated objective of the beer multinationals to attack SAB Miller in its own backyard so as to alleviate the never ending attacks by SAB Miller in the global beer market.

### QUESTIONS 1

- a) Is Brandhouse in South Africa following the option of product standardization or that of product differentiation with their range of premium beers? Explain. (20 MARKS)
  
- b) What type of international branding is used by the SAB Miller group? Is there a difference between the branding strategy of SAB Miller and Brand house in South Africa? (20 MARKS)

**SECTION B (ANSWER ANY THREE QUESTIONS)****QUESTION 2**

Describe what gray market goods are and then explain why they are a problem for manufacturers? **(20 MARKS)**

**QUESTION 3**

- a) In what ways can global brands and global advertising campaigns benefit a company? **(10 MARKS)**
- b) How does the "standardized versus localized" debate apply to advertising? **(10 MARKS)**

**QUESTION 4**

- a) Discuss the factors that influence distribution channel structures and strategies for global marketers? **(10 MARKS)**
- b) What special distribution challenges exist in Japan? What is the best way for a non-Japanese company to deal with these challenges? **(10 MARKS)**

**QUESTIONS 5**

Discuss with examples, the major sources of barriers to entry that determines the extent of threat of new industry entrants in global marketing. **(20 MARKS)**