

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER
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TITLE OF PAPER : MARKETING MANAGEMENT
COURSE CODE : BA 221 FULL TIME, BA 321 I.D.E.
TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS :

1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER (6)
2. SECTION A IS COMPULSORY
3. ANSWER ANY (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.

GOOD FOR THE QUEEN BUT NOT SA FAMILIES

Recall of imported Dettol and Domestos handled badly.

Consumers have it hard. If we are not being bombarded with misleading claims and duped by unscrupulous suppliers, we are being befuddled by industry jargon or conned by corporate spin doctors.

And then there are government regulators. The very people who should cut through the nonsense for us often make it worse.

Take last week's recall by the National Regulator for Compulsory Specifications of 4 000 bottles of imported Dettol Disinfectant Liquid Lime and Lemongrass and 8 000 bottles of Domestos Extended Germ Kill.

The products, both made to strict standards by reputable companies Reckitt Benckiser and Unilever in the UK, were pulled off the shelves because they had not been registered with the regulator as required by law.

The regulator inspects products on the market to protect health and safety and the environment and to ensure fair trade.

It succeeded in turning what appears to have been a red tape issue linked to product registration into a safety issue that not only confused consumers, but damaged brands.

It said it had tested the UK Dettol liquid which, like the product distributed in South Africa, claimed to kill 99.9% of germs and had found it wanting. No further details of the testing were revealed, and when I pushed for more I was told the results were confidential.

Based on these private tests, the regulator declared the imported liquid "unsafe" and warned local consumers not to use it a bizarre response, considering the product has not only passed stringent UK and European Union testing, but continues to be used safely throughout Europe, including by the British royal family. So UK made Dettol is good enough for the queen but not South African consumers?

Had the regulator warned the British authorities about the "unsafe" product, I asked. No, the regulator said, it did not have to.

There was clearly more the regulator did not think it had to do, such as revealing that the two products had been pulled off the shelves three months ago and that they were genuine branded goods, made by the legitimate manufacturer in another region.

It should have taken the opportunity to explain to consumers that such parallel imports (also known as grey market goods) are legal in South Africa, but that some of them, like these two disinfectants, needed to be registered with the regulator before going on the shelves.

It could have unpacked for consumers how scores of branded products made for distribution and priced differently in another market, such as the UK, are usually legally and safely imported by independent third parties to a different market, such as South Africa, and sold to retailers at a lower price.

It would have been useful for the regulator to have named Dis-Chem as the retail chain that had stocked many of the recalled units.

Without this background information, the recall last week lacked context. And it did not help that loaded words such as "illegal", "unlawful" and "unauthorized" were bandied about.

Okay so what should consumers take from this storm in a detergent cap?

First, that parallel imports are not illegal. They are often a bonus for price conscious consumers who not only get legitimate branded goods at a lower price, but get access to innovations and product variants.

Although still relatively small in South Africa, parallel imports are a billion dollar business globally. The mistake the third party importers, one of which was Brand Save, made was in failing to register the two products with the regulator, which spotted them on the shelf during routine inspections. The registration process is now under way and the imported products are likely to be back on the shelf in a few months' time.

To safeguard consumers, the Consumer Protection Act demands that a label be placed on all parallel imports that states they have been imported without the approval or licence of the registered owner of the trademark and that no guarantee or warranty will be honoured by such owner or licensed importer.

Reputable retailers will handle returns or comebacks as part of their usual responsibility to customers. Brand Save, which labels its imports and includes a customer care number said it had engaged experts for a detailed review of all its imports to ensure full compliance with South African law.

We wish to advise all consumers that parallel importation is legally permissible in South Africa Our existence inevitably creates price competition at a retail level and ultimately benefits the consumer, it said.

Shoprite Checkers, Pick n Pay, Dis Chem and various independent retailers stock parallel imports. Spar said as a group it did not do any parallel importing.

Up to 5% of Dis-Chem's fast moving consumer goods range is made up of parallel imports. A quick survey this week revealed imports from Unilever, Nivea, Johnson & Johnson, Reckitt Benckiser and Beierdorf. All except one were selling at a lower price than the local equivalent

Said Dis Chem chief executive Ivan Saltzman: "South African products are very often more expensive because of the small market here and too little competition in certain categories.

"Parallel imports of major brands are often a lot cheaper and they pass quality control in their countries of origin". Dis-Chem imports through agents as well as directly. Saltzman described parallel imports as the "internationalization of trade".

"We now shop the whole world.... And it brings more variety and lower prices to consumers". And what do local distributors, such as Unilever South Africa, think?

It respects legislation allowing parallel imports, it said, but stressed that disclosure was important. Saltzman had the last word: "Most of them [local suppliers] have learnt to live with it. Perhaps it keeps them sharp"

SECTION A

- Q. 1 Imports are shopping the world. Discuss (5 marks)
- Q. 2 The National Regulator has let down the Dettol and Domestos brands. Discuss (10 marks)
- Q. 3 The Consumers have been misled time and time again, by the body that is supposed to protect them. How has this come about in this case? (10 marks)
- Q. 4 Parallel imports retail prices are lower even with all the additional costs like shipping costs, clearing costs, inland transportation costs etc. How is this possible? (10 marks)
- Q. 5 What lessons can be learnt from this case? (5 marks)

SECTION B

- Q. 1 Discuss with examples the levels of a marketing plan (20 marks)
- Q. 2 The Ansoff's Product-Market Expansion Grid sometimes called the Ansoff's Growth-Vector Matrix is made up of very critical strategies for a Company. Discuss with examples. (20 marks)
- Q. 3 Discuss with examples the threats arising/resulting from the factors that Michael Porter identifies as forces determining the attractiveness of a market segment. (20 marks)
- Q. 4 The Central Bank, Commercial Banks, Other Financial Institutions, Private Companies, Parastatals and many other organisations have all put in enormous amounts of resources to enhance small businesses(SMEs) in Swaziland. Unfortunately SMEs continue to struggle. Discuss with relevant examples. (20 marks)
- Q. 5 In the past decade or two, dramatic growth in services marketing has been observed in all economies. Discuss the reasons for this surge with examples (20 marks)