

**UNIVERSITY OF SWAZILAND**  
FACULTY OF COMMERCE  
DEPARTMENT OF BUSINESS ADMINISTRATION  
**FIRST SEMESTER EXAMINATION**

TITLE OF PAPER : GLOBAL MARKETING ENVIRONMENT  
COURSE : BA 326  
DEGREE AND YEAR : BCOM 3  
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 Changing Global Consumer Demographics**

Changes in global consumer demographics, especially in terms of their increasing life expectancy and wealth, are constantly shaping the expectations of how consumers' needs should be served. According to the UN World Population Prospects (2000), the number of older people (60 or over) will more than triple, increasing from 606 million today to nearly 2 billion by 2050. As world fertility continues to decline and life expectancy rises, the world population will age faster in the next 50 years than during the past half century. Ageing population trends, driven by low fertility rates and declining mortality rates, raise concerns for increasing strain on families to take on the role of carer.

There is a significant rise in one-parent families and lone households globally, and more people are shying away from marriage or delaying it until much later in their adult lives. More women are now working as they no longer conform to the traditional role of mother, shopper, caregiver and housekeeper. In most developed and a number of developing economies, the era of two parents, 2.5 children as the prototypical nuclear family is well and truly over. In India and China, however, these shifts are currently less pronounced than elsewhere.

#### **The Uncertain Global Economic Outlook**

The national economies all around the world have become more intertwined in the past few decades as international travel, global trade, and worldwide exchange of information become synonymous with globalization. The global economic and social environments are now connected by the information superhighway making it possible for consumers to access an unprecedented amount of information and create social networks in just a mouse click away. More jobs are now being outsourced from developed to developing countries. The purchasing power of consumers in many developing countries especially China and India has become globally significant. This new global landscape has had a deep impact on how businesses strategise for their future and the ways in which they operate.

The early years of the twenty-first century were marked by recession and it was only towards the middle of the first decade that the world economy began to pick up a little. Stock markets were affected by a loss of confidence after 11st September and, direct costs to the insurance sector, for example, were estimated at between US\$30–58 billion (OECD, 2002). Since then, businesses all around the world had had it pretty good, driven by unprecedented growth in consumption. Cheap, easily available borrowings had accelerated the boom of the property markets and encouraged consumers to live beyond their means by speculating on the ever increasing values of their homes and properties. For marketers, this had been a golden era as consumers were ready, cash-rich customers hungry for luxury branded products and services. Towards the end of 2008, the global

economy could no longer such these reckless levels of lending and consumer spending. The economic bubble had once again, burst.

The current financial turmoil that started in the United States, initially led by sharp declines in house prices, has transformed into a severe credit crunch with substantial losses in equity markets. Moreover, it has now spread to a number of advanced and emerging countries, and become what has been described as the most severe global financial crisis since the Great Depression. As the global economy faces the recession, the global marketplace becomes an economically depressed business environment. Consumers are increasingly pessimistic about the state of the economy and becoming much more selective about what they purchase. In the light of climbing food and fuel prices, high unemployment, and property values continue to plunge, consumers are looking for ways to save money whilst maximising what they can get for their money when they do spend. The change in consumer behaviour is reflected in the shrinking consumer markets. As a consequence of this meltdown in the consumer markets, many businesses big and small find themselves in deep financial troubles.

**Global Family in a Digital Age**

The Internet has 'infected' our way of life and affected it in ways that few would anticipate. Globally, it has been estimated that there are over 718 million Internet users (source: Media Metrix, July 2006) accessing 1.9 trillion monthly page views of information. Consumers now send emails or text messages and access information from a multitude of mobile devices anywhere, anytime. They often use the online channel to complete household tasks, whether it's managing finances, planning a holiday or shopping for groceries. The Internet has become a ubiquitous shopping channel globally. While most purchases are made offline, over half of online users globally made an online purchase in the past year. In more developed markets like South Korea and the UK, more than two in three online users have made an online purchase in the past month. In all major economies, the average Internet household has 2.4 TVs, two computers and 6.3 other technological devices. These new technologies have become a great enabler in that they have given consumers more information about the products and services which they consume, created online communities and changed the nature of engagement with people.

The way in which today's family's function has undergone enormous shifts as a result of modern media and technology. The younger generations who grow up in the 1990s and 2000s are more likely to rely on technology not only to communicate and shop, but also to enhance their social lives. Many of them believe that their social lives would suffer without technology, and that technology has become an inseparable part of their daily lives. As a consequent, parents find themselves competing with technology for their children's attention. Technology and modernity have indeed become inextricably intertwined with family life.

The search for a balance between family life and pursuing personal interest in today's families takes several forms. Families understand the risks of the 'always-on' technology that their children are exposed to. Whilst there is a recognition in parents that it is

important for all family members developing their own interests and focusing on personal growth, this needs to be balanced with the need for family cohesiveness and traditional values.

**QUESTION 1**

- a. Using your own knowledge and the information provided in the case, consider the important global developments presented here. In what ways do you think these developments present opportunities and threats for businesses that operate internationally or globally? **(20 MARKS)**
  
- b. New media and communication technologies have changed in ways in which families entertain themselves, shop, communicate and manage their lives. What do you think are the implications for businesses in the way in which they develop marketing communication strategies? **(10 MARKS)**
  
- c. In the light of the current global economic downturn with consumers likely to have a shortage of money and time, what are the strategic options for marketing managers and executives to minimise the effects of the economic downturn on their brands? **(10 MARKS)**

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

Describe the similarities and differences between a free trade area, a customs union, a common market, and an economic union. Give an example of each from any of the following: Latin America, North America, Central America, Western Europe, Central Europe, The Middle East, and Africa. (20 MARKS)

**QUESTION 3**

Using Hofstede's cultural typologies discuss how marketers can better understand Asian culture? (20 MARKS)

**QUESTION 4**

Global marketers can avoid legal conflicts by understanding the reasons conflicts arise in the first place. Identify and describe several legal issues that relate to global commerce. (20 MARKS)

**QUESTIONS 5**

- a) Explain why non-tariff barriers appear to be on the increase throughout the world. (10 MARKS)
- b) Discuss with examples the circumstances in which the use of government imposed trade barriers might be justified. (10 MARKS)