

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER

APRIL 2014

TITLE OF PAPER : MARKETING COMMUNICATIONS II
COURSE CODE : BA 328 / BA 527
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 TO BE OPENED UNTIL PERMISSION TO DO SO HAS BEEN GRANTED BY THE INVIGILATOR.

GET THE LOWDOWN ON SMOKE AND FOLDING MIRRORS

Know your rights when advertising is misleading

Half price sale. Less 70%. Three for the price of one. Extra 200ml free. We all love a bargain, it is human nature to want to pay less than we should.

But when does our right to a sweet deal collide with a supplier's right to refuse one? And is it ever ok for a supplier to advertise or display a product at a particular price, only to renege on it later citing an error?

Well yes and no. A straight reading of the consumer protection Act says no supplier can advertise goods as being available at a specific price that may result in consumers being misled or deceived.

And as Neville Melville, the consumer goods and services ombudsman, points" out, the act says nothing about whether the deception need be international or not.

The act also says if a supplier advertises particular goods or services as being available at a specified price and the advertisement gives a limit on the deal say 50 units then the supplier must offer 50 at the stated price.

But the act is silent on what happens if there is an incorrect price, but no limit given. This means a consumer may not necessarily be able to demand to pay the incorrect price if the offer was unlimited. It is an unfortunate gap in the legislation.

In terms of displayed prices, such as those on a shelf, the act says suppliers are not bound by an inadvertent or obvious error if they correct it and take reasonable steps to inform consumers.

Reasonable steps for a display price error include withdrawing the product from sale, fixing the pricing error and making the product available for sale again.

If there is no correction on the shelf or else where in the store and the price differs at the till, you pay the lower price.

In the case of an incorrectly advertised price, suppliers can replace the advert, advertise again with notification, put up notices in store and even compensate shoppers with vouchers for wasted trips. Even with the gaps in legislation Melville says consumers have "a powerful negotiating advantage" when suppliers contravene the act with a misleading advert.

Here is how three suppliers responded to errors.

CASE 1

Cheryl van Vugt spotted a great 5GB + 5GB Night Express data offer from MTN online in January. It cost R129 a month for 24 months if you used your own modem. She visited the MTN store at Hemingways Mall, East London, and confirmed the same deal in a brochure valid December, 27 2013 to January 31, 2014.

A sale consultant started processing the deal, but discovered it would not go through on her system. Van Vugt was told to fill in the paper work and the deal would be phoned through instead.

However, the consultant learnt that the offer had been incorrect and was actually R249 a month over 24 months. Van Vugt objected to the huge increase and was assured it would be looked into. A day or so later after hearing nothing she queried the matter with MTN and was told there would be no deal at the advertised price.

They said that according to their terms and conditions their prices are subject to change and that a sticker had since been placed over the original price in the brochure, said Van Vugt.

Surely this brochure which came out before December 27 2013 should have been corrected or removed from the store already? Why were the sales consultants not aware there was an error in the quoted price and only found out when processing the deal.? I would not expect Pick n Pay to almost double the price of the bad of tomatoes when it is rung up at the till.

MTN which took two weeks to respond to me said it had resolved the matter amicably with its client. It did not elaborate on the resolution and requested Van Vugt not do so either.

An error occurred... MTN has rectified the pricing on all online advertising and posted clear notices in stores, said the networks chief customer experience officer, Eddie Moyce.

MTN has honoured all 24 month contracts entered into with customers who bought Use Your Own Data deals for 5GB, 9GB and 18GB prior to the error being identified. All new customers will be advised of the error prior to selling the product to them. MTN apologises for the inconvenience this may have caused.

CASE 2

Busi Masango was furious when she visited Dis-Chems East Rand Mall store in Boksburg to buy an advertised toothbrush only to be told the correct price was R55 more.

The Colgate Spiderman kiddies toothbrush was advertised for R14.99 but I was told it should have been R69.99, said Masango. She spoke to two managers who refused to budge, saying it was Colgate's fault.

When contacted this week Dis-chem operations director Brian Epstein said as soon as the company became aware of the error in its advert it put up an apology notice in its stores.

Despite this, and in the interest of good customer relations, we have in several cases sold the item to customers at the incorrect lower price, said Epstein. I shall contact the customer and offer her the tooth brush at the incorrect advertised price.

CASE 3

When David Hayward bought a new Ford Tourneo from Cassey's Auto Benoni Ford last November, the brochure for the R400 000 car he had ordered said it had power fold mirrors.

It was an important feature to me as the car often needs to fit into garages and tight spaces, said Hayward. But when he collected the car, there were no folding mirrors.

To make things worse, the sales woman had told him that cruise control, when in sixth gear, would work like an automatic engine and automatically gear down when necessary. This too Hayward discovered, was not the case.

The dealership said it is not its problem and told me to contact Ford South Africa, said Hayward.

Ford South Africa's Rella Bernardes admitted that the brochure had been wrong. We will give Mr Hayward a R4 000 refund for the power fold mirrors through Cassey's Auto Benoni she said.

As for the cruise control information from the sales woman, this too was incorrect said Bernardes. We make every effort to ensure thorough product training of all dealership personnel on an ongoing basis. We are currently working with the dealer principal to address this concern.

The Power Report. Megan Power. Sunday Times, February 9,2014

SECTION A

Q. 1 Given that Swaziland does not have a Consumer Protection Act in place, what can a Customer do when misled by an advert? (5 marks)

Q. 2 Most specials in Swaziland are advertised in all traditional media, specifying price, and period. In your opinion if the brand runs out before the stated period what should happen and why? (5 marks)

Q. 3 In some cases local specials specify the maximum units each Customer can purchase during the period. Why do you think this is so? In your opinion is this ethical? (10 marks)

Q. 4 What are the consequences of displaying incorrect prices during a special? (10 marks)

Q. 5 In case 1, what could have MTN done better to remedy the situation? (5 marks)

Q. 6 As MD of Ford South Africa what would you have done given the situations? (5 marks)

SECTION B

Q. 1 Brand adoption is the introduction and acceptance of new brands. Certain features/characteristics give this process good traction. Discuss with examples. (20 marks)

Q. 2 Packaging in most cases constitutes the largest cost of any brand. This is due to its functions/purposes. Discuss with examples. (20 marks)

Q. 3 Billboards are the 'in thing' in Swaziland. Discuss with examples the various types/forms of billboards in our landscape. (20 marks)

Q. 4 Advertising is not just an attempt by a Company to create humour, and fun, but has specific business objectives. Discuss with examples. (20 marks)

Q. 5 Sticky messages have a very high probability of success. This is due to their nature/composition. Discuss with examples. (20 marks)