

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER
MAY 2014

TITLE OF PAPER : MARKETING COMMUNICATIONS
COURSE CODE : BA 524 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.

DEATH IS FINAL, AND SO IS THE LAW ON TRIP REFUNDS

MANY TRAVEL SUPPLIERS TRY TO WRIGGLE OUT OF THE REQUIREMENT TO REPAY IN FULL.

What is it about South Africa's consumer legislation that many suppliers still seem not to understand?

Although a bit vague in places and yet to be vigorously tested, the Consumer Protection Act is not a particularly complex piece of law.

Within a few months, the act will be three years old. A new kid on the block, for sure, but hardly an infant. For those who offer products or services to consumers in this country, the act applies. There is no escaping that.

Unfortunately, not all suppliers seem to have got the message.

When Johannesburg businessman Douglas de Jager died two months before a planned safari for two to the Maasai Mara in Kenya in September 2012, the supplier refused to refund the more than R100 000 cost of the trip to his estate.

The act makes provision for a full refund of any advance booking in the event of hospitalization or death.

Owner of Wildphotos Safaris, photographer Daryl Balfour, told De Jager's family that the trips ran on fixed overheads with costs based on a full complement of guests. He said De Jager should have taken out the required cancellation insurance.

The week long "Wine & Wildebeest" safari, marketed to customers by De Trafford Wines in Stellenbosch, was ultimately forfeited after De Jager's son and executor, Adrian, as well as De Trafford, failed to find a replacement.

When I approached Balfour, pointing out the act's provisions in cases of death, he suggested the law did not apply to businesses registered outside South Africa.

Wildphotos Safaris is Swaziland registered, has a postal address in Nairobi and safari payments are made to a bank account in the Isle of Man, But Balfour's email address and cellphone number are South African, and he offers a Nelspruit address for the return of client dietary and medical forms.

Where Balfour sets up camp, however, does not really matter. All transactions taking place in South Africa and the promotion of any goods or services here are subject to the act. So it makes no difference where the supplier resides or has its principal office.

Ditto for Balfour's insistence on cancellation insurance. No supplier can place this burden on the consumer when the law specifically places the burden on the supplier in cases of hospitalization or death. And any terms and conditions which suggest it can are invalid.

Balfour's response? If travellers can simply ignore contractual requirements such as cancellation insurance when travelling abroad, thus placing the risk in event of cancellation back on the shoulders of the supplier, then your law is an ass.

Had we received a formal request from the executors of Mr De Jager's estate we could have investigated..... Now 14 months after the event a son, having read a story of yours in the newspaper, decides, Hey I might be able to get something out of this.

After I reiterated De Jager's rights under the act as well as Wildphotos responsibilities as a supplier, Balfour eventually refunded De Jagers share of the total fee and offered a "free" safari for the unnamed companion booked with him.

Despite his good faith offer, Balfour insisted he was not bound by the act, and the De Jager should have taken mandatory insurance.

I believe Balfour should have refunded the full amount.

Payment was not made by two people but by the deceased alone. Unfortunately suppliers have a loophole here : the act refers only to refunding the person who made the booking, or for whose benefit the booking was made.

Some will interpret this to mean a refund is due only to the dead traveller, while others will argue that the cost for the travelling partner, who forfeits the trip too, should also be refunded.

Where there is no hospitalization or death linked to a cancellation, there is no obligation for the supplier to refund without penalty. But this penalty has to be reasonable based on a list of factors including notice period and how easily the reservation or service can be resold.

When businessman Khanyi Nzukuma's aunt became critically ill recently, he was forced to cancel four Kulula tickets to Port Elizabeth for December 20. Even though Nzukuma was not ill, he still had the right to cancel an advance booking, albeit with a penalty. But he was initially offered nothing.

When asked how Kulula handled such eventualities, airline spokesman Shaun Pozyn said it was done on a case by case basis.

However, he said Nzukuma's case had been dealt with incorrectly because the chances of reselling the tickets were high the airline would refund him, less the standard administration fee of R180 a ticket for each leg of trip.

Reader Mildred Frantz was not so lucky. After she was diagnosed with colon cancer and started a grueling course of chemotherapy in September, her oncologist cancelled a family trip booked for December.

After a request from her travel agent, Pentravel, Turkish Airlines refunded the tickets of Frantz and her husband in full, but declined to refund the five remaining tickets bought for their children. They paid out only R880 on each R8 700 ticket.

Pentravel meanwhile, refunded its R400 booking fee on all seven tickets.

Airline general manager Alp Alper said the tickets were non refundable. We have bent the rules twice for Mrs Frantz, and we explained this issue multiple times, he said.

I am not sure what rules Alper thinks he bent Frantz at the very least was entitled by law to a full refund.

Under the act there is no such thing as a non refundable ticket.

The Power Report. Megan Power. Sunday Times 12,2014.

SECTION A

Q. 1 What conditions as stipulated in the Consumer protection Act call for full refund of advanced bookings?

(4 marks)

Q. 2

(a) What motivation does one travel supplier bring forward for no refunds?

(6 marks)

(b) Is this reasonable an argument? Discuss.

(8 marks)

Q. 3 What is your opinion of refunding Consumers? ie. who is to be refunded? The booking person only, or the people booked in the party?

(10 marks)

Q. 4 Is it ethical to review applications for refunds on a case by case, thereby having different amounts for refunds per booking person, and different amounts per member of a party?

(10 marks)

Q. 5 In your opinion what should be done to eliminate the problem of travel supplier failing to refund travelers? (2 marks)

SECTION B

Q. 1 Enhancing brand equity is paramount for any brand. Discuss with examples how this can be achieved. (20 marks)

Q. 2 Packaging can increase the probability of increasing market share. On the other side of the same coin are ethical issues. Discuss with examples. (20 marks)

Q. 3 Marketing Communications (marcom) objectives must be clear and precise so as to enable performance evaluation. Explain with examples. (20 marks)

Q. 4 The packaging design process is a sure means to ideal packaging for a brand, which in turn contributes to enhancing brand worth. Discuss with examples. (20 marks)

Q. 5
" To stop advertising to save money, is like stopping the watch to save time."
--Thomas Jefferson.

Discuss with examples. (20 marks)