

**UNIVERSITY OF SWAZILAND**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**MAIN EXAMINATION PAPER**  
**DECEMBER 2015**

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**TITE OF PAPER : SERVICES MARKETING I**  
**COURSE CODE : BA 327 F.T ; BA 327 I.D.E., BA 427 I.D.E**  
**TIME ALLOWED : THREE (3) HOURS**

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**INSTRUCTIONS:**

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

PREPARE TO FIND OUT HOW 'HOT' YOUR NEW SMARTPHONE REALLY IS .

SAMSUNG USER 'TREATED LIKE A CRIMINAL' AS TELKOM CLAIMS IT OWNS THE CELLPHONE HE BOUGHT FROM KALAHARI.

Scores of Samsung smartphone users across South Africa can expect a disturbing call this week if they haven't received it already.

They'll be told their Galaxy S5 handsets, bought from former online retailer Kalahari.com in the past year, may not belong to them and could be blacklisted.

Upsetting news indeed. But at least these customers are being warned they could lose their phones, Customer Izak Boshoff wasn't so lucky.

Without any warning two weeks ago, his S5 handset went dead. After a difficult and time consuming investigation of his own, during which he was "treated like a criminal in possession of stolen goods", he learnt the device had been blacklisted by Telkom.

"Telkom advised that the device was not Kalahari's to sell and that ownership still vested with it," said Boshoff. He'd bought the R7 699 new phones in August last year from Kalahari. The online retailer merged with Takealot.com in February.

Within two days of Boshoff complaining to Takealot, the device was collected from his office and his bank account was credited with the full purchase price. "However, the question remains: how many other unsuspecting consumers have been affected and what is being done to assist them?" Said Boshoff.

Takealot had told Boshoff it would offer a replacement or refund to all blacklisted customers as and when they contacted it.

So, no proactive engagement with affected customers? And, of more concern, how did stolen phones get into Kalahari's possession in the first place?

Well, piecing together the feedback I got from Takealot, Telkom and Samsung South Africa , here's the sorry saga. A businessman vetted by Telkom signed contracts with the parastatal for about 500 Samsung and 500 iPhone handsets, purportedly for his own staff to use. For at least three years the contracts were honoured, but then, four months ago, the businessman stopped paying. So Telkom blacklisted the handsets.

But somewhere along the line, this supposedly upstanding businessman had sold a batch of his Samsung phones – which, technically, still belonged to Telkom and some had been sold on again to one of Kalahari's regular suppliers.

Kalahari, whose supplier had no reason to suspect the phones had been obtained through improper means, then offered the phones to its customers.

And that's how Boshoff came to lose his phone.

How many others are affected is anyone's guess. Takealot can't be sure, saying they could be among other S5 handsets, sourced from different suppliers, sold by Kalahari in 2014 and 2015.

Initially, Takealot told me it was not in a position to contact customers who might have bought the phones, because it did not have "insight into which customers were affected. A day later, it said it had managed to resurrect the Kalahari databases and was contacting all customers who'd bought an S5 since 2014.

"Kalahari first became aware of this issue in February", said Takealot marketing head Declan Hollywood.

"Kalahari immediately contacted their supplier, who provided them with 40 new units as replacements. In February, Telkom stopped blacklisting the devices as they came to an agreement with the individual they were having an issue with."

But when the blacklisting problem resurfaced last week, it was the first time that Takealot management (as opposed to the Kalahari team) had become aware of it, he said.

Hellopeter has at least three complaints about blacklisted S5 handsets bought from Kalahari. In response to a complaint logged in February, Kalahari said Telkom had "mistakenly" blacklisted new phones from several stores, that the problem wasn't unique to Kalahari and that affected phones would be replaced.

Telkom is taking legal action against the businessman to recover its debt. But its not pursuing a fraud charge. We would have only been able to do that if devices were taken delivery of and absolutely no payments were received, said spokeswoman Jacqui O Sullivan.

So the nice fellow who fraudulently sold goods may get away with it. Very comforting.

Takealot says its investigations had established that the Kalahari supplier acquired the phones from an authorised Samsung reseller. It said crosschecks with Telkom had corroborated this information. However, because it won't name this supplier, the trail from my side goes dead.

If the supplier is to be believed, what was an approved Samsung dealer doing with these "hot" phones ?

Samsung South Africa spokeswoman Michelle Potgieter said my query was the first it had known about the matter and it needed time to ascertain the facts.

So much for Takealot telling me it had informed Samsung which along with it and Telkom, was investigating the matter fully.

Potgieter said the involvement of an authorised Samsung reseller was unconfirmed. Should Samsung be implicated in a negative light without substantiating facts, we reserve our rights to proceed with any further action against the newspaper, she warned.

Boshoff, meanwhile is also reserving his rights to seek damages from those responsible for the mess.

He lost all his business contacts, notes, photos, apps and other data when the tainted phone was shut down, as well as three working days, and suffered reputational damage to himself and his employer.

Ironically, Boshoff had bought the Kalahari handset after his original S5 was stolen by 'normal' thieves.

On Thursday he bought a new smartphone, this time from a brick and mortar store. Its not a Samsung.

--- The Power Report. Megan Power. Sunday Times. News. July 26, 2015. Page 13.

#### SECTION A

Q.1. In your own words what actually happened to the phones that they had to be blacklisted? (20 marks)

Q. 2 Why was the upstanding businessman not handed over to the law for fraud ? (10 marks)

Q. 3 Boshoff was refunded the full purchase price of his phone. He however lost much more Comment briefly. (7 marks)

Q. 4 Two brands and a type of service lost a Customer in Boshoff. Comment briefly. (3 marks)

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40 marks

#### SECTION B

Q. 1 In the past two decades the need to study services has come to the fore. Discuss with relevant examples. (20 marks)

Q. 2 Discuss with examples the key factors that influence the growth of the service sector. (20 marks)

Q. 3 Discuss with examples the Consumer characteristics bases of segmentation.

(20 marks)

Q. 4 Describe with examples the basic steps involved in identifying a suitable market position and developing a strategy to achieve it.

(20 marks)

Q. 5 Services have characteristics which result in factors contributing to Consumer Vulnerability. Discuss five factors with examples.

(20 marks)

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60 marks

TOTAL 100 marks