

**UNIVERSITY OF SWAZILAND**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**MAIN EXAMINATION PAPER**

**MAY, 2016**

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<b>TITLE OF PAPER</b>	<b>:</b>	<b>SERVICES MARKETING 2</b>
<b>COURSE CODE</b>	<b>:</b>	<b>BA 428</b>
<b>TIME ALLOWED</b>	<b>:</b>	<b>THREE (3) HOURS</b>

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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.**

## HOW PUSHY DEALERS FIDDLE GHOST SALES

### BUYERS LOSE OUT AS LENGTH OF THEIR MAINTENANCE PLANS IS CUT SHORT.

Every month undisclosed numbers of new cars in South Africa are reported as sold without having left the show room floor.

This industry wide phenomenon happens because of pressure on car dealers to meet monthly sales targets set by car manufacturers. In return for reporting a car as sold - even when it clearly isn't - dealers are rewarded with incentives.

Not only is this practice decidedly dodgy, it messes with consumer rights in a most fundamental way.

Here's how : motor plans for new cars are activated when a sale is reported, starting an immediate countdown.

So by the time a customer drives off in their dream car, it could have lost months of precious motor plan time. Not that the customer is usually any the wise ; at least until its time for a service, and the disbelieving car owner is asked for payment.

Then begins the painful process of back and forth, with the customer (and equally confused service agents) trying to unravel how why the car owner has been cheated out of their motor plan.

Fortunately I'm not the only one alarmed by this.

"Consumers generally have to go through a whole process to get their fair due and it is just plain wrong," said the motor industry ombudsman Johan van Vreden.

"Meetings are being planned to take this matter up at the highest level," he said.

He said in cases of pre-reporting, there should be no argument from the dealer, and a consumer's rights in terms of such motor plans must be honoured.

"Alternatively, consumers must be informed [of shortened motor plans ] at the time of purchase and, should they agree to accept this, receive some form of credit up front."

Van Vreden said the phenomenon took place across the industry.

Indeed. Worldwide, cars are prematurely "sold" for same reason.

Gary McCraw, company secretary of the Retail Motor Industry Organisation and director of the National Automobile Dealers Association confirmed that pre-reported sales took place to reach agreed targets, as well as earn variable incentives.

"As NADA, while we understand that this practice is not only a local phenomenon in the automotive industry but is a global practice too, it is not a practice that we condone or support by its nature, but do accept as a reality" McCraw said.

He said the time loss on the plan was not normally more than a few months at most and consumers buying pre-reported cars “generally enjoy the benefit of reduced pricing or a higher trade in allowance in lieu.”

Dealers were expected to give full disclosure and form it in writing when concluding the sale, McCraw said.

But what about the possible skewing of new car sales statistics? Although pre-reported cars are not counted twice, the risk of distortion of monthly figures is surely a real concern? Van Vreden agreed, saying the “potential to influence” sales figures existed.

Not so, said Nico Vermeulen, director of the National Association of Automobile Manufacturers of South Africa. The association releases monthly sales figures, described as significant barometers of the country’s economic activity, consumer trends and general fiscal health. The figures, supplied by manufacturers and importers and analysed by a data company, are published on the Department of Trade and Industry’s website on the first working day of every month.

Said Vermeulen : “Rumours about pre-reporting of vehicle sales have been a feature of the automotive industry for decades and whilst, from time to time, there could be some limited instances of pre-reporting, largely as a result of incentive schemes, we need to take account of inherent checks and balances.”

“The reporting of new vehicle sales is governed by statistical reporting guidelines which .... require that a sale of a new motor vehicle should be reported when the actual sale has taken place,” said Vermeulen.

“Naamsa does not support any form of pre-reporting.”

He said an agreement had been signed with the Department of Transport to align the association’s database with that of the National Traffic Information System, eNatis, to verify the accuracy of data.

“Where instance of pre-reporting have happened, it has been dealers who pre-reported.

..... Naamsa has no influence over the activities of dealers.”

True. But it has influence over manufacturers, whose incentives are behind the practice. Its no wonder Vermeulen’s door is the first on which Van Vreden intends to knock.

The Power Report - Megan Power. News, Sunday Times, February 14 ,2016. Page 12.

## SECTION A

Q.1 What problems does the pre reporting of vehicle sales cause the Customer ?

(10 marks)

Q.2 What problems does the pre reporting of vehicle sales cause to the economy of any country ? (10 marks)

Q.3 Which parties are responsible for all this ? and how are they responsible ? (10 marks)

Q.4 What in your opinion should be done ,and why ? (10 marks)

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40 marks  
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### SECTION B

Q.1 Discuss with examples, the main reasons, why ,Customer Retention is so important . (20 marks)

Q.2 What are the benefits arising from unconditional guarantees for Customers ? Discuss with relevant examples. (20 marks)

Q.3 In today's business the most important differentiator amongst competing companies is the quality of its service personnel. With examples discuss the importance of service personnel. (20 marks)

Q.4 Boundary Spanners experience conflicting roles in their functions daily. Discuss these with relevant examples. (20 marks)

Q.5 The Service - Profit - Chain clearly illustrates the relationship between employee satisfaction and company profitability. Discuss with examples. (20 marks)

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60 marks