

# **UNIVERSITY OF SWAZILAND**

## **FACULTY OF COMMERCE**

### **DEPARTMENT OF BUSINESS ADMINISTRATION**

#### **MAIN EXAMINATION PAPER**

**MAY, 2017**

---

**TITLE OF PAPER : FOUNDATION OF ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT**

**COURSE CODE : BA 00I**

**TIME ALLOWED : THREE (3) HOURS**

- INSTRUCTIONS :**
- (1) TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS SIX (6)**
  - (2) THE PAPER CONSISTS OF SECTION A AND SECTION B.**
  - (3) ANSWER THE QUESTION IN SECTION A WHICH IS COMPULSORY AND ANY THREE (3) QUESTIONS IN SECTION B.**
  - (4) THE MARKS ALLOTTED FOR A QUESTION /PART OF A QUESTION ARE INDICATED AT THE END OF EACH QUESTION / PART OF QUESTION.**
  - (5) WHERE APPLICABLE, ALL WORKINGS / CALCULATIONS MUST BE CLEARLY SHOWN.**

**THIS PAPER MUST NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.**

## SECTION A: COMPULSORY

### QUESTION 1: Read the case and answer the questions below:

#### **CASE STUDY: CLOVER DANA0 - A NEW APPROACH**

Since Clover Danao's launch in September 2004 into the diverse South African consumer market, Danao has experience strong return on investment in terms of volumes, achieving sales of over 700 tons in the best months

However, after extensive research of Clover Danone, the concept had shown its limitations. Therefore a new strategy and marketing mix was developed for Danao. It consists of the following:

- **Product:** Danao fruit juice and yoghurt blend in three flavours: orange, pineapple/peach and apricot / tropical fruit
- **Packaging layout:** A carton pack on which the newest Spanish layout had been adapted to suit the pack, featuring strong use of the '**smiling rising sun**' to communicate health and happiness, and to emphasize the morning as the ideal time of consumption.
- **Target market:** The whole family, but the core market would be women and mothers aged between 25--49 years, Living Standards Measure (LSM) 7-10.

Clover Danao therefore decided to follow a new approach. Various companies and brands have had huge success internationally with dairy fruit mix products whose position is based on the inherent goodness (functionality) of milk (dairy) and juice. The opportunity therefore existed to relaunch a 'new' dairy fruit mix that would utilise the abovementioned positioning, using the strength of the Clover mother brand which would lend the product credibility and a sense of natural goodness and quality.

#### **Selecting the target market**

The Danao brand was ideal for the abovementioned segment as it was already positioned as a healthy product. This new product would appeal to a new segment of the market to create new usage occasions and moments of consumption. Therefore, Danao's new marketing mix and target markets consist of the following:

- **Demographics:** LSM 7-10, aged 25-34, skewed towards urban black families with children
- **Consumer profile specifics:** 'Double the Happiness'
- **Unique selling point:** The goodness of dairy and fruit juice in one product
- **Brand name:** Clover 'Danao Smooth: happiness'

- **Product description:** A new blend of fruit juice and dairy (with yoghurt power) fortified with vitamins to match the current product
- **Product performance:** Healthy, natural flavours and colours.
- **Comparable products:** Jog-juice, Yogi Sip and Tropika.

### **Product development**

For the relaunch of Danao Smooth, product developers established that the key components of any 'healthy' product are the vitamin and/or mineral content, reduced sugar, and natural ingredients. The new dairy fruit mix could be consumed at any time of the day to fill that hungry spot and provide an energy boost from a healthy natural product. Hence it was proposed to relaunch the Danao dairy fruit mix combining the inherent goodness of juice and milk (dairy). The reason Clover had to change the yoghurt content to milk was simply because of the agreement that it had with Danone, not to produce fermented/yoghurt products. Clover Danao Smooth would therefore contain real fruit juice and dairy and would satisfy the following needs:

- nutritional:
- Appeal to the whole family
- Value for money
- Ideal to be consumed with meals
- Pleasant fruity and tart taste
- Smooth texture

### **Branding and packaging**

Management understands that the key to a successful product is developing a strong, visible brand name and appropriate packaging. Therefore, Clover did extensive research before changing the packaging and ingredients of the Danao product. In terms of consumer research, the new bottle design received a menu score of 9.12 out of 10. Consumers liked the happy smiling fruit faces that appealed to kids and adults; they also liked the juice and dairy-pour shot and the real fruit pictures. The new formulation was preferred among consumers in terms of three out of the five flavours and there was a no significant indication that the old formulation was preferred.

The new Danao Smooth was launched in September 2012 and the new packaging and formulation, ingredients and processes (using existing machines) meant that Danao would be even more profitable.

### **Questions:**

1. In selecting a target market, **explain** Danao's new marketing mix and target markets. **[15 marks]**
  
2. What were the basic needs that Clover Danao Smooth met for target customers? **[15 marks]**
  
3. Explain the branding and packaging strategy adopted for the Clover Danao Smooth? **[10 marks]**

**TOTAL [40 MARKS]**

## **SECTION B**

**Answer any three (3) questions from this section.**

### **QUESTION 2**

Packaging is now a marketing tool and in many cases customers tend to buy the package and not the product. Discuss the roles of packaging. **[20 marks]**

### **QUESTION 3**

The business environment is usually divided into three components and each has a variety of variables that can influence the business either positively or negatively. Discuss the macro environment component and its relevant variables. **[20 marks]**

### **QUESTION 4**

Explain the process you would follow in generating ideas from everyday activities. **[20 marks]**

### **QUESTION 5**

The primary task of price is to cover costs and thereafter make contribution to profit levels. Discuss the factors that influence price. **[20 marks]**

### **QUESTION 6**

Discuss important personal characteristics displayed by successful entrepreneurs. **[20 marks]**