

UNIVERSITY OF SWAZILAND  
FACULTY OF COMMERCE  
DEPARTMENT OF BUSINESS ADMINISTRATION  
FIRST SEMESTER EXAMINATION 2017

**FULL-TIME & I.D.E**

**TITLE OF PAPER : STRATEGIC MARKETING MANAGEMENT**  
**COURSE : BA 434**  
**DEGREE AND YEAR : BCOM4**  
**TIME ALLOWED : THREE (3) HOURS**

**INSTRUCTIONS:**

- 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)**
- 2. SECTION (A) IS COMPULSORY**
- 3. ANSWER ANY THREE (3) QUESTIONS FROM SECTION B**
- 4. THE TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FIVE**

**NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION  
IN ENGLISH AND FOR ORDERLY PRESENTATION**

**THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR HAS  
GRANTED PERMISSION**

## SECTION A (COMPULSORY)

### READ THE FOLLOWING CASE AND ANSWER THE QUESTIONS BELOW

Shoprite Holdings will focus on expansion outside Africa after talks with Steinhoff International Holdings to create the continent's biggest retailer fell apart. Shoprite is up 14% this year, valuing Africa's biggest supermarket operator at R112bn. The company boosted profit as poorer South Africans struggling with high unemployment and inflation shopped at its cheaper Usave stores, the best performer among the retailer's three supermarket brands. Shoprite also stepped up marketing activity, discounts and cost controls, while lessening the impact of a widespread drought on food inflation by subsidising basic foods, the company said.

"We have structured the business to contend efficiently and profitably under market conditions such as those prevailing currently," Engelbrecht said. "The second half of the year has started well for us and we are confident this trend will continue."

South African supermarkets generate almost 80% of Shoprite's total supermarket sales, demonstrating the need to expand internationally. The company also appealed to wealthier consumers through the expansion of its fresh and convenience food offering, which rose four-fold over the Christmas period.

Shoprite's expansion in West Africa has provided a growth pad for Zambian meat processing company Zambef, which is running in-store butcheries in partnership with the SA grocer in the region. "Zambef's West African operations have grown, with six new Shoprite stores opening in Nigeria and one in Ghana during the year, taking the West African retail network to 25 Shoprite stores and six Master Meats outlets," said Carl Irwin, chief executive officer of Zambef.

Such momentum will likely continue into 2017, with a further four Shoprite stores in Nigeria and one in Ghana expected to be opened. The Zambian meat company - which specialises in beef and chicken products - operates in-store butcheries inside Shoprite stores in West Africa.

The butchery and retail operations Zambef runs on its own and in partnership with Shoprite generate about 56.7% of the firm's total revenues. After-tax profits for the company amounted to \$14.5m compared to a loss of about \$7.7m in the previous year,

while earnings before interest, taxes, depreciation and amortisation increased by 38% in US dollar terms to \$29.2m.

Shoprite has said that it will look at other markets in Africa for its expansion strategy, with growth outside its home market significantly contributing to its 17% profit growth for the year to June 2016. South African retailers, including rival stores under Pick n Pay, are also expanding into the rest of Africa markets as competition and market maturity in some key areas back home intensifies.

The model is proving lucrative for the company and also benefits Shoprite through extra income and fewer responsibilities, as Zambeef runs the butcheries on its own. Shoprite is sticking it out in Nigeria despite economic difficulties and currency exchange volatility in the West African country.

With urbanisation in most of Africa gathering pace, Zambeef is keen to expand its footprint and has earmarked further exports into other regions of the continent. It already exports its meat products to Zimbabwe, Angola, the Democratic Republic of Congo, Burundi, Botswana and Malawi.

### QUESTION 1

- a) Identify the growth strategies pursued by Shoprite as a market leader in the industry.  
(20 MARKS)
  
- b) What other strategies can Shoprite pursue as a market leader in the industry?  
(20MARKS)

**SECTION B (ANSWER ANY THREE QUESTIONS)****QUESTION 2**

- a) In meeting with the CEO of the Manyovu General Dealers, you have been asked to outline the essential elements of a strategy. Discuss the components of strategy giving examples. (15 MARKS)
- b) Explain why marketing is fundamental in strategy formulation. (5 MARKS)

**QUESTION 3**

With reference to Miles and Snow's business strategies, discuss the strategies that can be pursued by a strategic business unit in quest of a competitive advantage. (20 MARKS)

**QUESTION 4**

A leading European airline has asked you, a marketing consultant, to suggest areas the company should emphasize to differentiate itself from competing airlines in a mature industry. In so doing, you are told to assume that the airline would continue to be price competitive. (20 MARKS)

**QUESTION 5**

Discuss the concept of sustainable marketing and its impact on the marketing mix. (20 MARKS)