

UNIVERSITY OF ESWATINI
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER
DECEMBER 2018

TITLE OF PAPER	:	SALES MANAGEMENT
COURSE CODE	:	BA 418 I.D.E.
TIME ALLOWED	:	THREE (3) HOURS

INSTRUCTS:

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 ALONG SIDE 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.

CLICKS SETS ITS SIGHTS ON 800 STORES

ACHIEVABLE IN 5 TO 10 YEARS

Retail healthcare chain Clicks has said it wanted to expand its store network in South Africa to 800, but while the target was achievable, it could take time to reach it.

Clicks Group Chief Executive David Kneale said on Friday that the strategy formed part of the group's long-term goal that could take between 5 and 10 years.

Kneale said Clicks increased its outlets to 600 following the opening of 89 new stores during the six-month period to end February. He said the target in the long term remained 800.

"Our short-term target is to open 25 new stores a year and if we are consistent we are going to achieve that 800 target in the specified time, as we are on track," he added.

Clicks would continue to invest in South Africa and opening these new stores proved that the firm remained positive about the country's prospects in the long term.

"We should avoid being too depressed with the downgrades and the slowing down in the economy," he said.

"It is not only South Africa that is being downgraded, other countries also get downgraded. We believe in the country, we have created 1000 new jobs in the past year and we are investing more than R600 million in new stores. We are also improving our IT division," he pointed out.

Clicks have been listed on the JSE since 1996. The company has the largest retail pharmacy chain with more than 400 stores in South Africa, while its subsidiary, UPD, leads in Pharmaceutical wholesaler.

In the half-year results to end February, the group reported a 13.5 percent increase in diluted headline earnings per share (Heps) to 232 cents a share, driven by strong health and beauty retail-trading.

The Clicks chain demonstrated resilience by increasing sales 13.1 per cent.

Group turnover increased 8.5% to R13.1 billion and operating profit was 14.7% higher at R840 million.

The group's operating margin expanded by 30 basis points to 6.4 percent as both Clicks and UPD improved their margins.

The board declared an interim dividend of 88 cent a share, up 15.8% compared to 2016. Kneale said Clicks gained market share in all core merchandise categories.

“The Clicks chain is more price-competitive than ever and pharmacy, front shop health and beauty all recorded double digit sales growth for the half year:

“The results were supported by buoyant Christmas trading where customers responded positively to our value promotions and differentiated product ranges,” he said.

UPD the group’s pharmaceutical distributor, increased wholesale turnover by 9.6 percent, ahead of the pharma market of 5.6% with market share increasing to 24.6 percent.

Renier de Bruyn, an equity analyst at Sanlam Private Wealth, said the market looks for full-year earnings rather than interim results.

“With Clicks achieving a 13.5% diluted Heps: we can say that they are on track to achieve the 14% earnings the market expects the group to achieve by year-end,” De Bruyn said.

“Overall, these were a good set of results under the difficult environment, with consumer spending coming under pressure. For Clicks 35% of the sales in this period were promotional sales, which have done well to push the margins,” he added.

On Friday, clicks share dropped 1.01% on the JSE to close at R131.16

Sandile Mchunu. The Star. Business Report. Monday, April 24,2017

SECTION A

- Q.1 How does Clicks plan to expand its store network to 800 in South Africa ? (5 marks)
- Q.2 South Africa is experiencing downgrades, but Clicks is going full steam ahead with investments. Why is Clicks behaving this way? (10 marks)
- Q.3 Clicks continues to gain market share. How is possible? (15 marks)
- Q.4 Consumer spending is currently under pressure and the environment undergoing difficult times. What is Clicks secret? (10 marks)

40 MARKS

SECTION B

Q.1 Discuss with the use of relevant examples the functions of a Sales Manager
(20 marks)

Q.2 What are the emerging issues in sales management. Discuss with appropriate examples.
(20 marks)

Q.3 The steps involved in personal selling are critical. Discuss.
(20 marks)

Q.4 Why is it important for an organisation to have a good recruitment and selection programme ?
(20 marks)

Q.5 What are the disadvantages of hiring sales personnel from competitors ?
(20 marks)

60 MARKS

TOTAL 100 MARKS
