

UNIVERSITY OF ESWATINI
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
FIRST SEMESTER EXAMINATION 2021

TITLE OF PAPER : STRATEGIC MARKETING MANAGEMENT
COURSE : BUS425/BA434
DEGREE AND YEAR : BCOM VI
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 SIX (6)

**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

CHECKERS IS GOING AFTER WOOLWORTHS IN SOUTH AFRICA

Retailer Shoprite has published its financial results for the 26 weeks to 29 December 2019, showing a 7% increase in sales for the period. It comes on the back of 4.4% growth in volume of products sold, and 2.1% growth in the number of customers across the group, it said.

The group's core business, Supermarkets RSA, representing 75.9% of the group's sales, achieved 9.8% sales growth and 6.6% on a like-for-like basis. Across its major trading banners Shoprite, Usave, Checkers and Checkers Hyper, Shoprite said it now trades through 1,632 stores. Market share gained over the six month period measured R2.4 billion and equated to growth of 1.1 percentage points, it said.

Checkers supermarket chain, inclusive of its 37 larger format Hypers, grew merchandise sales by 11.2%. "Checkers' strategy to grow its share of spend in the mid-to-upper segment of the market continues to underpin the chain's growth," the retailer said. Checkers, inclusive of Checkers Hyper, now operates with 261 stores in South Africa.

Chasing the premium market

Shoprite further highlighted its recent success in the premium retail market – a segment typically dominated by companies such as Woolworths. "Our group strategy to capture a larger share of South Africa's premium food retail segment continues to be one of our drivers of growth as reflected particularly in the Checkers brand, together with Hypers, growing sales by 11.2%," said Pieter Engelbrecht, chief executive officer.

"It's been an exciting six months for the Checkers brand with significant milestones reached in support of our long-term growth strategy." Engelbrecht said that the group has also seen success from its new rewards programme. He added that the group was pleased with its new grocery delivery service.

Sixty60

In November Shoprite launched its on-demand grocery e-commerce solution, Sixty60, which promises home delivery in under one hour. It allows customers in selected stores in Cape Town and Sandton to order mission-based food and drinks from their smartphone in under 60 seconds. It is then picked in a store closest to the consumer's home and delivered in under 60 minutes.

"Another first for South African Supermarkets, our pioneering one-hour grocery delivery service, Sixty60, was launched in November in eight stores, said Engelbrecht. "Although, still in the early stages, we believe this mobile e-commerce solution offering unrivalled convenience for shoppers holds much promise."

The Xtra Savings Rewards Programme was launched in October 2019 and 3.8 million customers have already signed up, he said.

FreshX stores

Key to Shoprite's push into the premium food retail segment are the new Checkers FreshX stores, which increased to 28 over the reporting period. The group is targeting 80 of these stores in the medium- to long-term. First launched at Johannesburg's Mall of Africa in 2017, the FreshX concept stores have now been rolled out to a number of Checkers locations including Canal Walk and Fourways.

The concept stores were introduced by Checkers as a way for the company to gain market share among more affluent South Africans, with the idea proving so popular that the group now plans to revamp at least a third of its Checkers stores to the new look in the medium term. Unlike traditional Checkers stores, the FreshX concept stores feature more upmarket furniture and signage – including benches and tables for customers to test samples.

Adapted from: <https://businesstech.co.za/news/business/376649/checkers-is-going-after-woolworths-in-south-africa/>

QUESTION 1

- a) Describe the growth strategy that is being pursued by the retailer Shoprite Checkers. (20 MARKS)
- b) What other growth strategies can Shoprite Checkers pursue? (20 MARKS)

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

You have been hired as a marketing consultant by the Eswatini Association of Savings and Credit Cooperatives (ESASCCO) to assist in developing the organisation's marketing strategy. The executive manager has asked you to do a presentation to the board on the components of a strategy. Discuss the components of a strategy in the context of ESASCCO. (20MARKS)

QUESTION 3

When studying the internal environment, organizations determine what they can do by examining resources, capabilities and competencies. Discuss the role of organizational resources, capabilities and competencies in developing a market driven strategy. (20MARKS)

QUESTION 4

The most prevalent trend in the banking industry today is the shift to digital, specifically mobile and online banking. This digital transformation has led to increased competition in the banking sector in Eswatini. Using Michael Porter's five forces' model, discuss the competitive structure of the banking industry in Eswatini. (20 MARKS)

QUESTION 5

MTN Eswatini, a subsidiary of the MTN Group, is the Kingdom's first mobile telecommunications network company. Since inception in 1998, MTN Eswatini has led the growth in the voice market to become the biggest mobile operator in Eswatini. MTN Eswatini is now pursuing new growth opportunities in the data and ICT space. What potential advantages does being the pioneer in the mobile telecommunications network provide a firm like MTN Eswatini? (20 MARKS)

QUESTION 5

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