

**UNIVERSITY OF SWAZILAND**  
**FACULTY OF COMMERCE**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**SECOND SEMESTER MAIN EXAMINATION 2017**

**IDE**

**TITLE OF PAPER : STRATEGIC MARKETING MANAGEMENT**  
**COURSE : BA 517**  
**DEGREE AND YEAR : BCOM 6**  
**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 CHANGES GROWTH COMPASS AS STEINHOFF TALKS FAIL**

Johannesburg - Shoprite Holding will focus on expansion outside Africa after talks with Steinhoff International Holdings to create the continent's biggest retailer fell apart. "To sustain our growth, we are constantly investigating the potential of new markets, not only in Africa but also on other continents," newly appointed chief executive officer Pieter Engelbrecht said in a statement on Tuesday.

The Cape Town-based company has 2 653 stores across Africa, and said profit rose 11% to R2.44bn in the six months through December. 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."

Sales advanced 14% in the six month period, including 32% in the rest of Africa. The half-year dividend was raised by 15% to R1.80 a share. 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.

Adapted from: <http://www.fin24.com/Companies/Retail/shoprite-changes-growth-compass-as-steinhoff-talks-fail-20170221>

### **Question 1**

- a) Identify the strategy used by Shoprite as a market leader and then describe the characteristics of such a strategy. **(20 MARKS)**
  
- b) What other attack strategies can Shoprite as a market leader use to increase its market share in the retail industry. **(20 MARKS)**

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

Beautylicious Inc., is a relatively small firm that has pioneered the development of consumer health and beauty products. What potential advantages does being the pioneer in new product-markets provide a firm like Beautylicious in an industry dominated by giants such as Unilever, Procter & Gamble and Colgate-Palmolive? **(20 MARKS)**

**QUESTION 3**

Discuss the different marketing strategies a market challenger can pursue when challenging the market leader. **(20MARKS)**

**QUESTION 4**

A leading manufacturer saw its market gradually decline during the late 1990's because the switch to electronic banking was making its product superfluous. Nevertheless, the firm bought up the assets of a number of smaller competitors, greatly increased its market share within its industry, and managed to earn a very high return on investment. What kind of strategy was the company pursuing? Why do you think the firm was able to achieve a high ROI in the face of industry decline? **(20 MARKS)**

**QUESTION 5**

The market audit is an important element in the evaluation of marketing strategies.

- a) Discuss some of the areas that should be examined in the market audit **(10 MARKS)**
- b) Why should companies perform a market audit on a regular basis? **(10 MARKS)**