MANICALAND STATE UNIVERSITY OF APPLIED SCIENCES

FACULTY OF AGRIBUSINESS AND COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

MARKETING MANAGEMENT

MODULE CODE: HMM 104

SESSIONAL EXAMINATIONS

SEPT/OCT 2021

DURATION: 3 HOURS

EXAMINER: MR F MAKUDZA

INSTRUCTIONS

1. *Answer all questions in Section A and any three questions in Section B.*
2. *Section A carries 40 marks whilst Section B carries 60 marks.*
3. *Total marks 100.*
4. *Credit will be given for appropriate use of examples.*

SECTION A: COMPULSORY

(Answer all questions in this section. Section A carries 40 marks)

Question 1:

CASE ANALYSIS: <u>The Cola War in Zimbabwe</u>

Zimbabwe has for years been the Coca-Cola territory. Having entered the Zimbabwean market in 1948, Coca-Cola remained a strong brand, so strong such that it gradually became a generic brand associated with any drink. For example, it is usual to see an old lady asking for a bottle of coke, whilst pointing at a different soft drink brand.

The all-rosy story of Coke in Zimbabwe seemed to have been cut short by the opening of the Pepsi plant in Harare in 2018. Pepsi has been in Zimbabwe for a time now through exports (Muronzi, 2015). However, the establishment of Pepsi plant through the Varun Beverages meant mass production of Pepsi. That has created a new battle ground for Coca-Cola, which is gradually losing its once loyal customers.

At a time when Coca-Cola was charging its 330 mls drinks for 50 cents and Pet drinks for $1, Pepsi came with a bang and slushed their Pet drinks from $1 to 50c. That was a price cut by almost half. To cover for the low price, the Varun Beverage company resorted to bulk manufacturing to enjoy economies of scale. Coca-Cola could not slash their prices to match that of Pepsi.

The strength of the Pepsi's blow in Zimbabwe supposedly borders on the elastic demand for sparkling beverages in Zimbabwe. Soft drinks represent convenient goods which should be easily accessed by the consumer without much searching costs (Rolwen and Datris, 2008). Generally, if convenient goods have close substitutes, demand becomes elastic and switching costs are reduced. The move by Pepsi to charge a penetrative price of 50 cents for a 500 ml Pet drink may have been a serious blow on the market share of Coke in Zimbabwe.

Through a strategic encirclement strategy which mimic Shaka the Zulu's cow horn formation, Pepsi fought with Coca-Cola in Zimbabwe. According to Mwenezi (2018), Pepsi ensured this by embarking on a massive intensive product distribution campaign to various members in the downstream of the value and supply chain. Over 100 sales people were recruited by Pepsi to serve the Harare market. Pepsi products are found in every corner of Harare and it appears that they have secured some good shop floor space and merchandising deals with wholesalers and retailers, since the Pepsi products are placed on prime shelves, where they stand prominently visually conspicuous. Coca cola on the other hand largely has been using a more defensive strategy in the battle for the cola customers. As the market leader, the company has been using position defense strategies which gain merit from brand loyalty built over the years.

As the fighting for supremacy in the Zimbabwe cola wars intensifies, Coca-Cola is gradually disappearing from the shelves as Pepsi seemingly gets the lost shelf space. Most retailers no longer have Coca-Cola products in store. Especially the one-liter bottles and the 500 mls Pet. Though Coca-Cola dismissed allegations that the scarcity of their products is caused by succumbing to competition, indications suggest that customers are gradually switching over to Pepsi. Justifying their failure to distribute products effectively, Coca-Cola blamed foreign currency shortage in the country, Mwenezi (2018). Needless to say, even Pepsi also requires the almost same level of foreign currency but its flourishing as Coca-Cola diminishes.

Source: ***Excerpt from Makudza, Muridzi and Tasara (2021)***

Required;

a) In relation to the case study, demonstrate your understanding of the following marketing terms;

   i. Marketing warfare. (2 Marks)

   ii. Market share. (2 Marks)

   iii. Market leader. (2 Marks)

   iv. Market challenger. (2 Marks)

   v. Market follower. (2 Marks)

b) Identify and justify the market entry pricing strategy used by Pepsi to enter the Coca-Cola dominated Zimbabwean market in 2018. (5 Marks)

c) Demonstrate your understanding of the strategic marketing encirclement strategy in relation to its use by Pepsi to win the market share of Coca-Cola in Zimbabwe. (5 Marks)

d) Discuss the marketing mix strategies employed by Pepsi to outcompete Coca-Cola on the local front. (10 Marks)

e) Advise Coca-Cola on the logical strategies that it can use to win back the lost market share in the Zimbabwean territory. (10 Marks)

[Total 40 Marks]

SECTION B

(Answer <u>any 3 questions</u> from this section. Each question carries 20 marks)

Question 2

Discuss the reasons why strategic marketing management is important to companies today. **[20 Marks]**

Question 3

a) The following is the vision statement for Manicaland State University of Applied Science (MSUAS):

"To be a research intensive and stakeholder driven University recognized internationally for its quality and relevance."

Analyse the appropriateness of the Manicaland State University's vision statement in relation to the key characteristics of effectively worded vision statements. (10 Marks)

b) State any one (1) marketing objective of your choice that is synchronized with the vision above and justify how the objective meets the SMART criterion. (10 Marks)

[Total 20 Marks]

Question 4

With reference to a company of your choice, critically analyse its political and economic business environments. **[20 Marks]**

Question 5

With the aid of practical examples, demonstrate the applicability of the BCG matrix to product portfolio marketing. **[20 Marks]**

Question 6

a) Argue the notion that marketing strategy implementation is the responsibility of the marketing manager alone. (10 Marks)

b) Further to that, discuss the barriers to strategic marketing implementation. (10 Marks)

[Total 20 Marks]

END OF EXAM