



**MANICALAND STATE UNIVERSITY
OF
APPLIED SCIENCES**

FACULTY OF AGRIBUSINESS AND COMMERCE

Department of Business Management

INDUSTRIAL MARKETING

MODULE CODE: HMM 404

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 STUDY: Coca-Cola Franchising Business Model: The Case of Mutare Bottling Company in Zimbabwe

Mutare Bottling Company (MBC) is situated in Mutare city and was established in 1950 as a family business by the Goldberg family with the objective of being a Coca-Cola bottler. MBC is licensed to only trade Coca Cola products in Manicaland province only. The Manicaland province has the second largest population in Zimbabwe of 1.8 million people composed of 950000 females and 850000 males. This province is in the Eastern part of Zimbabwe. It borders the following provinces in the country: Mashonaland East in the north, Masvingo in the south and south west and Midlands in the west. On its eastern side Manicaland borders Mozambique's Manica and Gaza provinces. Manicaland province has seven districts namely: Buhera, Chimanimani, Chipinge, Makoni, Mutare, Mutasa and Nyanga. It covers an area of 36, 459 square kilometers.

In terms of distribution one MBC employee remarked "*we want to put a drop of Coke on everybody's lips*". This is testimony to MBC's approach of both intensive and extensive distribution network within its industrial markets. MBC has wholesalers and collection points at all major shopping centers in Manicaland province where it distributes its products to its business customers using its trucks. The company also has a big distribution center in Rusape town, which is the second biggest town in the province, to assist in serving customers around its vicinity.

Therefore, retailers can replenish their stocks from nearby wholesalers, collection points and the Rusape distribution center. MBC also distributes directly to some of its retailers within the province.

In 2013, the company acquired seven new DAF trucks which are suitable for the rough terrain roads in Zimbabwe. The firm also provides free refrigeration to its distribution channel members to ensure customers enjoy chilled Coca-Cola brands. MBC has also increased its vending units by 160 in Manicaland province. These vending units are located in busy places in the towns and shopping centers in the rural areas.

Among the challenges that the company faces are inadequate supplies from the local suppliers. MBC uses an average of 10 tons of sugar per day. The supply of sugar they get from local suppliers is far too low to meet this demand. Therefore, MBC has had to get a license for importation of 300 tons of sugar. Allen Lang the Managing Director of MBC says “the imported sugar is to supplement sugar purchased from local suppliers who cannot supply all our requirements for bottler grade sugar over the next few months”. However, Lang also indicates that sugar sourced from COMESA countries was landing at a lower price than that sourced locally although the product quality sourced from SADC countries was at par with local suppliers.

Additionally, the MBC plant manager Erik Makarimayi says shortage of glass packaging in the local market has also resulted in low production of all brands except for Sparletta, Cream Soda and Cherry Plum, which uses similar bottles. The shortage of glass bottles in Zimbabwe is largely attributed to the closure of Zimglass in 2010 which traditionally provided glass containers for the local industry. This has meant MBC has to import glass from other countries such as South Africa, Tanzania, Egypt and Middle East.

Source: Extracted from Maumbe, B., Musekiwa, A., & Makudza, F. (2020). Coca-Cola Franchising Business Model: The Case of Mutare Bottling Company in Zimbabwe. International Journal of Business Marketing and Management, 5(7) 01-08.

Required;

- a) In relation to the case study define the following terms:
- i. Intensive distribution (3 Marks)
 - ii. Industrial marketing (3 Marks)
 - iii. Inventory replenishment (3 Marks)
 - iv. Direct distribution (3 Marks)
- b) Identify and justify the base of market segmentation used by Mutare Bottling Company (MBC). (5 Marks)
- c) Identify any two business to business sales promotional strategies used by Mutare Bottling Company (MBC) and evaluate their effectiveness in a niche market. (8 Marks)
- d) Given the challenges presented in the case that MBC is facing, demonstrate how the application of Hakansson Interaction Model (1982) can revive the situation through industrial relationship marketing. (15 Marks)

[Total 40 Marks]

SECTION B

(Answer any 3 questions from this section. Each question carries 20 marks)

Question 2

- a) Discuss the key characteristics of industrial markets. (10 Marks)
- b) With the aid of examples, discuss how you can enhance value for industrial marketing products/ services. (10 Marks)

[Total 20 Marks]

Question 3

Argue the notion that segmentation, targeting and positioning are the siamese/cojoined triplets born of the same industrial marketing mother and raised up for the same purpose. Support your arguments with practical examples. **[20 Marks]**

Question 4

You are the marketing director of a flamboyant hotel operating in Mutare. Mutare City Golf Club made a reservation to use all your accommodation facilities for one week. To accommodate them, you cancelled all prior bookings made by other individuals. Apparently, Mutare City Golf Club is your key customer, they even have access rights to your golf field which is at the backyard of your hotel. However, Mutare City Golf Club cancelled the booking the very day they were supposed to check in. Your finance department wants the golf club to compensate for their lack of reliability in line with the company's policy, whilst the golf club is not willing to meet the demands citing that they can get the same services elsewhere next time should your hotel insists on cancellation fees.

- a) Identify and justify the form of power which Mutare City Golf Club has on

your company. (5 Marks)

- b) As an industrial marketer, suggest possible conflict resolution strategies that you may apply so that you do not lose your key customer, at the same time acting within the confines of your organisational policy. (15 marks)

[Total 20 Marks]

Question 5

A junior marketing officer has repeatedly failed to close sales in his business-to-business sales territory (Muridzi, 2021). A closer examination at his sales approach indicates that he was targeting the less influential buying center members. Your director tasked you to draft a presentation to:

- a) help him appreciate the roles of each buying center member (15 marks)
- b) help him with the clues for identifying powerful buying center members. (5 marks)

Relate your response to your director's requests in (a) and (b) above.

[Total 20 Marks]

Question 6

Using practical examples, discuss the applicability of the Geoffrey Moore's technology adoption life cycle model to industrial products of the 21st century.

[20 Marks]

END OF EXAM