



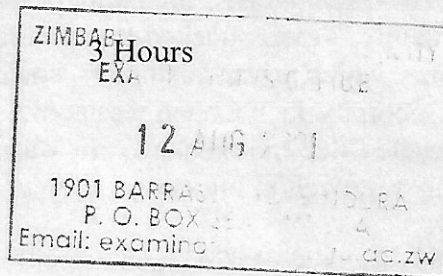
ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTING

DEPARTMENT OF BUSINESS ADMINISTRATION AND MANAGEMENT

EXAMINATION PAPER

COURSE CODE : CMA 408
COURSE TITLE : STRATEGIC MARKETING
DURATION : 3 Hours
DATE :



INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. **Section A** is compulsory
3. Answer any **FOUR (3)** questions from **Section B**
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in brackets []

SECTION A: Case Study

QUESTION 1

Case study: TESCO

In 1919, a young Londoner called Jack Cohen used his First World War Army gratuity to start a business selling groceries from a market stall in the East End of London. His fledgling business went well enough for him to start his own tea company, in partnership with a man by the name of T.E. Stockwell. Stockwell's initials, plus the first part of Cohen's name, provided Tesco with its brand name.

In 1929, Cohen opened his first grocery shop in Burnt Oak, Edgware. His motto was always 'Pile it high, sell it cheap' and during the depression-hit 1930s this proved to be a winning formula. During the 1930s Cohen opened many more stores, but it wasn't until after the Second World War that supermarket methods came to Britain. Tesco's first self-service store was opened in 1948, and their first true supermarket was opened in 1956, in a converted cinema in Maldon. Because staff costs are much lower in supermarkets, and because Cohen was able to buy in bulk, prices should have been much lower at Tesco stores than in other stores, but until 1964 manufacturers were allowed by law to fix the retail prices of their goods. In other words, all retailers had to sell at the same price, so price competition was impossible. Tesco attacked this problem in two ways – firstly, the company gave out trading stamps which loyal customers could collect and redeem against gifts of household goods, and secondly Jack Cohen was active in lobbying Parliament for a change in the law. In 1964 the Resale Price Maintenance law was repealed and Cohen was able to pursue a vigorous price-cutting approach to business (although trading stamps continued until 1977).

During the 1960s the UK experienced a rapid rise in prosperity. More people owned cars, more people owned freezers (and so were able to bulk-buy their food) and credit cards were just beginning to be used. In 1967 Tesco introduced the concept of the edge-of-town superstore when the company opened a 90 000-square-foot store at Westbury in Wiltshire. This store was intended to be used by car drivers – ample parking, large trolleys for bulk-buying, and a much greater range of goods in the store meant that car owners could shop much more easily. The edge-of-town location meant lower costs for the store, which could be passed on to customers. This policy proved hugely successful, so through the 1970s Tesco gradually closed down its town-centre stores (with their high overheads) and concentrated on out-of-town superstores. In 1974 the company began selling petrol at discounted prices, again encouraging motorists to come to the store. By 1991 Tesco was Britain's biggest independent petrol retailer.

In the 1990s Tesco returned to the city centre by opening Tesco Metro stores, smaller supermarkets with a smaller range of goods, and smaller pack sizes, designed to meet the needs of the local community and inner-city dwellers. In 1997 the first Tesco's Extra superstore was opened, offering a range of non-food goods, household appliances, and clothing, as well as the traditional groceries available in all Tesco's stores. In 1995 Tesco was the first retailer to offer a loyalty card. Customers present the card at the checkout, and the Tesco central computer records their purchases. Every three months the customer receives a mailing containing vouchers which are redeemable at Tesco stores for groceries or other products; customers also

receive special discount vouchers for specific products. Other retailers followed suit, offering their own loyalty cards, but by then Tesco had already seized a substantial market share. A spin-off from the loyalty scheme was that Tesco now had very detailed information about each customer's purchasing behaviour – how often they shop, where they live, what products they buy. This has proved invaluable for future planning, and for fine-tuning the service to meet customer need more effectively. The software developers so essential to future innovations.

QUESTIONS

a) In light of Day (1990)'s competitor-customer orientation matrix, evaluate the strategic orientation/s followed by Tesco. (15 marks)

b) Comment on the positives and negatives associated with TESCO's strategies. (10 marks)

(Total 25 marks)

SECTION B: Answer any (3) questions

Question 2

Strategic marketing planning is not relevant for businesses operating in dynamic environments.' Evaluate this proposition in light of examples. (25 marks)

Total marks [25]

Question 3

Making use of examples demonstrate how the marketing philosophy can be operationalized across all the organisational functions. (25 marks)

Total marks [25]

Question 4

'The contemporary markets are congested with competition. It is better to remain a market follower than endeavouring to become a market challenger'. Evaluate this proposition citing relevant examples wherever necessary. (25 marks)

Total marks [25]

Question 5

Making use of examples, evaluate the ways in which Michael Porter's value chain model can be operationalized as a value creation framework. (25 marks)

Total marks [25]

.....**END OF THE EXAMINATION**.....