



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 :

28 JUN 2022

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. **Section A** is compulsory
3. Answer any **THREE (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

THE HOLIDAY BUSINESS

In the UK, increased leisure and increased income has meant a huge growth in the travel industry. Fifty years ago most people had only two weeks' holiday a year – only a lucky few had three weeks. Yet in the 21st century many people enjoy six weeks' annual leave, or even seven weeks. At the same time disposable income rose 18% between 1997 and 2001 – and there are only so many household items someone can buy. The surplus income often finds a home in paying for ever more exotic holidays.

In the 1950s most British people holidayed within the UK, at resorts such as Blackpool, Brighton, Rhyl, Bognor Regis or Bournemouth. In most cases, these resorts drew their custom from nearby cities – Manchester and Liverpool for Blackpool, London for Bognor Regis and Brighton, and so forth. However, the advent of the jet aircraft made flying much cheaper, and during the late 1950s and early 1960s package holidays to foreign countries began to become popular. Air-inclusive tours (AITs) boomed during the next 20 years, but as travellers became more sophisticated the idea of a package holiday became less appealing – people wanted to set their own agendas on holiday. During the 1990s cheap airlines became established, and the main advantage of the AIT (low overall cost) was eroded.

The range of choice of holiday is now vast, to take account of the variety of customer needs and customer experiences. At one end of the spectrum, there are holidaymakers who look for an organised tour from a knowledgeable firm, where the holiday experience is managed almost entirely by the tour operator. Examples of this include guided tours of Egyptian antiquities, cruises, or two-centre holidays where the customers spend part of their time in a major city and part of their time on a beach somewhere. At the other end of the scale, backpackers and independent travellers book themselves a flight, and find their hotels or hostels when they arrive, needing no more than a good guide book and a smattering of the local language.

For firms in the holiday industry, segmenting the market is therefore complex. Package holidays might be AIT or non-AIT (mostly self-drive tours to Ireland or France). The market could be segmented by destination (France, Spain, Greece and North America are the most popular destinations for Brits). The market may be segmented by degree of independence of the holidaymakers. It may even segment by income – backpackers are at the budget end, whereas many people in their 50s and 60s have high disposable incomes and take luxurious holidays. Some holidaymakers look for specific activities (skiing, sightseeing, surfing, etc.). There were 954 000 ski trips taken from the UK in the 2001/2002 season alone, according to researchers Mintel. Packages aimed at such customers sometimes include tuition or expert guides. Other holidays aim at relaxation – but even here the market can be segmented. There is a great deal of difference between a relaxing holiday aimed at 18 to 30 year olds and one aimed at families with small children.

The final complication for holiday companies is that individuals often shift from one segment to another. The young people looking for a lively night-life five years ago might be looking for a quiet location where their children can be entertained this year. Equally, someone who backpacked across India five years ago might be a rising executive looking for a honeymoon

on the Orient Express this year. Even within a shorter space of time, it would not be unusual for someone to take a cheap, self-organised holiday for one chunk of leave and take a more organised package holiday later in the same year. Over a longer period of time, backpackers become family people and eventually become well-off older people – people aged over 50 are among the most affluent in the country, and also frequently have the most spare time available to enjoy foreign holidays. Undoubtedly the package holiday is not yet dead, but the strongest growth is in the independent sector. How tour operators will counter this trend remains to be seen.

Question 1

- a) Discuss the feasibility of a variety of segmentation variables mentioned in the case (10 marks)
- b) Which segments are likely to thrive in the future and why? (10 marks)
- c) Discuss how a holiday marketer can track people who apparently shift from one segment to another. (5 marks)

Total marks [25]

SECTION B: Answer any (3) questions

Question 2

Critically examine the significance of Michael Porter's value chain model as a strategic framework in any organisation of your own choice.

(25 marks)

Question 3

'The marketing philosophy supersedes all the business philosophies as far as determining long-term business sustainability is concerned'. Examine this proposition in light of the contemporary business examples.

(25

marks)

Question 4

'Market leadership is not a perennial competitive stance in the contemporary business spheres; it rather has to be defended'. Using examples, examine the feasibility of market leader strategies in fostering competitive sustainability.

(25 marks)

Question 5

As a newly appointed general manager of a specific strategic business unit of your own choice, you realise that the organisation has a history failing to trace the success and failures underlying strategic initiatives. Using examples, evaluate how the Balanced Scorecard can be used to successfully monitor the impact of marketing strategies. **(25 marks)**

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