



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW, BUSINESS INTELLIGENCE AND  
ECONOMICS

DEPARTMENT OF ECONOMICS, MARKETING, AND ENTREPRENEURSHIP  
EXAMINATION PAPER

COURSE CODE : CPS425  
COURSE TITLE : Strategic Purchasing  
SPECIAL REQUIREMENTS : None  
DURATION : 3 Hours  
LEVEL : 4.2  
DATE : 31 JUL 2024

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue
2. Use of silent, non-programmable calculators is allowed
3. Answer ALL questions in Section A and any **THREE** (3) questions in Section B.
4. The number of marks for each question or part question is shown in brackets [ ]
5. Begin each answer on a new page.
6. **DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR INSTRUCTS YOU.**

## SECTION A

### CASE STUDY

PepsiCo Inc. is one of the leading food and beverage companies in the world. This company exemplifies a perfect demand-driven supply chain strategy, which is appropriate in the current market. The market where this firm operates is highly competitive. Other major players, such as Coca Cola offer stiff competition in the world market.<sup>1</sup> In order to manage this competition, the management of PepsiCo has realized that it needs to employ superior strategies in its supply chain strategies. It is always under pressure to ensure that the products are delivered to the retailers in a consistent manner to avoid cases of stores running out of stock. It also has the responsibility of acquiring the right raw materials for its beverage products, transporting them to the manufacturing plants, and ensuring that they are in the right condition before they can be used to manufacture various products. This research will focus on the supply chain strategies used by PepsiCo in its beverage segment. Some of PepsiCo's products that we will focus on in this paper include Pepsi, 7 Up, Mountain Dew, Gatorade, Sierra Mist, and Mirinda. The figure below shows some of the top beverage brands from this company. According to Shah, companies in the current society have realized that in order to remain competitive in the current market, offering high-quality products is not enough. The need to ensure that the customers have access to the products when they need them at the right locations has forced PepsiCo to reformulate its strategies in the supply chain management in order to maintain efficiency and reliability. The company has come up with a supply chain management, which is customer-centric. PepsiCo has embraced a decentralized purchasing strategy to improve its efficiency. It operates various production plants in different locations. At each plant, the regional head is given the authority to make the purchasing decision based on the local environmental forces in that region. Decentralizing the purchasing of raw materials is an effective way of empowering branches in different locations. By allowing the plants in these two countries to operate semi-autonomously, the top management has made it possible for the managers in these regions to act based on the local forces. The graph below shows the budgetary allocations to the local and overseas production units at PepsiCo.

## QUESTION ONE

Explain how PepsiCo has managed to embrace the following concepts in its Procurement Strategy:

- a) Supplier relationships [5 Marks]
- b) Collaborative planning [5 Marks]
- c) Forecasting [5 Marks]
- d) Replenishment [5 Marks]
- e) Competition [5 Marks]

## SECTION B

### QUESTION 2

(a) Write brief notes on the following concepts:

- (i) Corporate procurement [5Marks]
- (ii) Operational procurement [5Marks]

(b) Analyse the key elements of a corporate procurement strategy [15Marks]

### QUESTION 3

Discuss the **five** key success factors that enable a hotel industry in Zimbabwe to prosper in the market place [25Marks]

### QUESTION 4

Evaluate **five** ways in which Covid-19 pandemic has changed procurement strategies of companies in the manufacturing industry [25Marks]

### QUESTION 5

Giving relevant examples, compare and contrast single and multi-sourcing strategies

[25Marks]