

UGANDA MARTYRS UNIVERSITY
FACULTY OF BUSINESS ADMINISTRATION AND
MANAGEMENT

MARKETING STRATEGIES
Examination

2013 - 2014

BAM III – NKOZI Campus

Date: Tuesday 11th December 2013

Time: 10.00 am to 1.00 pm

Instructions

- Do not write anything on the question paper
 - Section I is COMPULSORY.
 - Answer any 2 questions of your choice from section II.
 - All Questions carry equal marks.
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SECTION I

Please read the case study carefully and answer **ALL** the questions that follow.

Portfolio planning to the core

The composition of a company's product portfolio is a vital strategic issue for marketers. Few companies have the luxury of starting with a clean sheet and creating a well-balanced set of products. An assessment of the strengths and weaknesses of the current portfolio is, therefore, necessary before taking the strategic decisions of which ones to build, hold, harvest or divest.

Major multinationals, like Nestle, Cadbury Schweppes, Procter & Gamble, GE, IBM and Unilever, constantly review their product portfolios to achieve their strategic objectives. The trend has been to focus on core brands and product categories, and to divest minor, peripheral brands.

Nestle, for example, has sold Crosse & Blackwell, whose portfolio of brands includes Branston Pickle, Gale's Honey and Sun-Pat Peanut Butter, to Premier international foods as it focuses on key product categories where it can establish and maintain leadership. The focus is on the core categories of beverages, confectionery, chilled dairy, milks and nutrition. In line with this strategy Nestle has acquired the ski and Munch Bunch dairy brands from northern Foods, propelling it into the number-two position behind Muller in the chilled dairy market.

Cadbury Schweppes is also concentrating on its core brands with the sale of its European soft drinks business, which includes brands such as Orangina, Oasis and Schweppes mixers, to an Anglo-American private equity consortium, and its Australian beverage business to Asahi Breweries. The sale allows the company to concentrate on its higher growth and more profitable confectionery business, and its regional drinks business in the USA. In line with this strategy, Cadbury Schweppes acquired Green & Black's, the organic chocolate maker, which operates under the fair trade banner.

This trend is not confined to the grocery business, however. For example, Adidas sold its ski and surf equipment firm Salomon to Amer Sports Corporation so that it could focus on its core strength in the athletic footwear and apparel market as well as the growth golf category. IBM sold its PC division to Lenovo to concentrate on software and services.

Philips has also rationalized its product portfolio, selling its semiconductor business to focus on consumer lifestyle, healthcare and lighting. Its mission is to Centre on health and wellbeing, and it has invested in healthcare, moving away from its medical imaging business and into patient monitoring and home healthcare. One example is its acquisition of Respironics, a medical

equipment maker specializing in sleep therapy. It sees healthcare as a growth market as people live longer.

One advantage of this strategy is to enable maximum firepower to be put behind core brands. This is the reason Carlsberg- Tetley has dropped minor brands to concentrate its marketing budget on Carlsberg, Carlsberg Export and Tetley Beer.

QUESTIONS

- What do you understand by the term Competitive advantage? (5 marks)
- In today's highly competitive business environment, budget-oriented planning or forecast-based planning methods are insufficient for a large corporation to survive and prosper. List the items in the strategic planning process.(5 marks)
- In pursuing an advantage over its rivals, a firm can choose from several competitive moves; discuss them. (8 marks).
- The intensity of rivalry amongst companies or firms is influenced by the following industry characteristics: Explain those industry characteristics. (20 marks)
- From the case study, list the strategies each company adopted to match with its marketing environment realities. (12marks)

SECTION 11

- a) The implementation of the strategy must be monitored and adjustments made as needed. discuss the Evaluation and control steps: (10 marks)
- b) Strategy can be formulated at different levels: discuss them. (15 marks)
- a) Explain companywide strategic planning and its steps. (10 marks)
- b) Describe the environmental forces that affect the company's ability to serve its customers? (8 marks)
- c) Discuss how companies can react to the marketing environment? (7 marks)
- Define the term 'marketing planning'. Outline the steps involved in marketing planning process. (25 marks)
- The emphasis in product portfolio analysis is on managing an existing set of products in such a way as to maximize their strengths, but companies also need to look to new products and markets for future growth. Bukedde Television is an example of a new

product addition to an existing line. Discuss strategic options for increasing sales volume for a company of your choice. (25 marks)