



PROGRAMME: MASTER OF BUSINESS ADMINISTRATION

MODULE: Strategic and Change Management

Session 1: Case Study

4akid

Introduction: What is 4aKid?

For a Kid CC, trading as 4aKid, is a company based in Sandton. We are predominantly a child safety company and we are passionate about providing quality child safety products as we believe that all children have the right to live, learn and play in a safe environment. All our child safety products provide simple solutions to the everyday concerns parents may have about their children's safety. We are dedicated to bringing unique and purposeful products into the South African market. We have successfully introduced these products to the parents of South Africa, with amazing and positive results.

We are an online company, but we also have agents and resellers who purchase our products and sell them part time or in a shop, in order to make extra income. During 2008, managing director Ally Cohen was nominated as one of the top five finalists in the Living and Loving Standard Bank MomEntrepreneur competition, a national business competition.

4aKid was also first runner up at the 2011 702 Small Business Awards for our service excellence, innovative marketing techniques and our contribution to the community regarding child safety awareness.

Our mission is to ensure that our safety products are affordable and available to parents across the country, and to create child safety awareness, whether at home, in the school environment or out in public.

How and why did the company start up?

Ally Cohen is the founder of 4aKid. She began this company shortly after her first child was diagnosed with lobar holoprosencephaly and severe brain damage. The implications were that it was extremely difficult to keep track of the child and, because he could not talk, Ally decided to bring in internationally made products to help locate her child and keep him safe at all times.

With 15 years of experience in all areas of the retail and wholesale distribution business, Ally researched the international market for a variety of child safety products. Once the products were shipped in, Ally began to see a need for them not only for special needs children, but also for ordinary children. Too often children get lost in public areas, be it in a shopping centre, on holiday or even in the park. Ally started importing more child safety products, and started off selling to her friends with children. Then she decided that she should actually make a business out of it and help parents to protect their children at all times. Ally believes that child safety is the responsibility and obligation of every parent and guardian. After all, we all want the best for our children. Being a parent today is challenging enough, so she worked hard at finding the products, tools and resources to

make life easier and simpler for parents and for children.

Ally has represented 4aKid on numerous television and radio shows and various websites that emphasise the need for safety products in South Africa. Highlights include, but are not limited to the following:

- In December 2008, Ally Cohen was invited onto the national television talk show 3Talk to discuss child safety, and showcase 4aKid safety products in conjunction with Missing Children SA.
- In 2009, Ally joined the team on experts on the Arrive Alive website, advising the public on different aspects of child road safety, and at the start of 2010, she was appointed child safety advisor for Parent24.com.
- In April 2010, Ally Cohen appeared on the Mamas and Papas interactive parenting show on SABC3, where 4aKid Child Safety Products, including the 'Secure-A-Kid' and 'Easy Sleeper', were presented and viewers were given child safety advice about travelling with their children.
- Products such as the 'Mommy I'm Here Child Locator', '4aKid Child Safety Harness' and the 'Infoband' were also featured on Good Morning Africa on DSTV in April 2010, where viewers were given advice about child safety regarding abductions and human trafficking, and current safety issues were discussed in detail.
- In November 2010, Ally was interviewed on popular parenting show Great Expectations on e.tv by Sam Cowen, as a child safety expert on an episode called The Safety Show, and in December 2010, Ally appeared on the news on DSTV's eNews channel to give holiday safety tips for parents and children.
- In 2011, Ally was appointed as resident child safety advisor for Mommalicious Mamas, one of South Africa's leading parenting forums.
- In March 2012, Ally appeared on Good Morning Africa to share her views on child safety.

We believe in ensuring all parents know of the dangers in society and how to protect children from those dangers in an effortless way.

Target market

4aKid's target market is mostly females. The company caters to both married and single parents, as well as to both men and women, however women seem to make up the majority of our customers. We cater to people of all ages, but our products reach mostly people who are 25 – 34 years of age, so it appears that this is the younger parents group. Research has shown that we reach predominantly English-speaking people, followed by Afrikaans speakers. We cater for middle- to upper-class parents. Furthermore, the majority of our customers are local, but there are some international ones too.

Products

4aKid originally began selling only child safety products. These include safety products for being 'on the go' such as safety harnesses, child locators and safety wrist straps. Water safety products include shampoo rinse jugs, pool alarms and snug tubs. We also carry car safety products, including Secure-A-Kid car safety belts for children's seat belts, car seat

strap clips and easy sleepers.

We decided that in order to bring in more revenue and build the company, we needed to start listening, following and creating trends, which led us to starting our '4aKid Couture' brand. This brand includes children's clothing, unique gear and accessories, and imported products such as Huggalugs, Noo Wear, Elodie Details and Smitten. We began selling pacifiers, leg warmers, mosquito bands for children, hats, feeding accessories, blankets and much more.

All of our products comply with local and international safety standards, and plastic items are BPA free. Our electronic products come with CE certificates and relevant products are ICASA approved. Our products are of premium quality. The innovative designs combined with credible and helpful purposes and value-added features make parents' lives easier and simpler.

Our brand has grown extremely large with over 1 200 products. As soon as we see a trend, we source the products ourselves, where locally or internationally, and we ensure we establish sole agencies and distribution agreements with international companies for various branded products from around the world. We are continuously searching the internet for new and necessary products for children, and we are always aware what is going on in the market. We are constantly looking for innovative products all over the world, and product improvement and development has become a daily task.

Staff

We are a small company that is constantly growing. We have been going since 207 and are expanding every year. We currently have four staff members: the managing director, office manager and two packers, one of whom we are training into an administrative assistant role. We have an open door policy, which means that no staff member is afraid or wary to ask questions. We are very communicative and staff are always welcome to voice their opinions or concerns. We pride our company on our staff, because without them the company would not survive. We are constantly training our staff about new trend, products and developments within the company. We work together as a team and therefore staff members feel valued. We have been training our packers to use computers in order to grow themselves in the company. We ensure that we always give our staff new tasks so they feel important in the company. If we have good growth in a month, we give performance bonuses, as well as annual bonuses. In this way staff members are incentivized to perform. In addition, we do performance reviews twice a year in which we ensure all voices and concerns are heard. We treat our staff very well and pride ourselves in our ability to create a happy, carefree working environment at all times.

Our competitors and our competitive advantage

Competitors vary across the different ranges. With the child safety range we are competing against international brands, therefore it is important to be aware of which products are already in local chain stores. To gain a competitive advantage we offer personalized service at all times, as well as ensuring that our products have trendier and funkier designs to make them more appealing to both children and parents.

With regards to our clothing and accessories range, our competitors are mainly local, smaller companies that have manufactured similar products and designs on a smaller scale. We gain competitive advantage over them by always providing superior quality and consistency in our ranges, and still keeping up with international trends.

We have a network of agents who provide more than 50 percent of our sales turnover. They give us a competitive advantage as the end user gets more personalized service and we are able to achieve more coverage and exposure in areas where there are no retailers. To ensure our agents are happy and satisfied we offer them incentives and discounts to push sales. We also offer marketing support, so that they can create part-time business for themselves, and this also encourages local entrepreneurship.

Our main competitive advantages are our quality products that fill a definite need, as well as our fantastic customer service. We ensure that the customer is always right and we do everything in our power to emphasise this. We keep clients informed about progress from the time they purchase our products, to the time they are sent off by couriers or in the post, including giving them waybill numbers, and we ask them to let us know if they have arrived safely. Our customers are involved in the whole process at all times.

We are linked to medical aid wellness programmes, which enables our clients to get discounts on our products as part of their healthy lifestyle plan. We have a birthday club, so our clients' children get birthday presents with their purchases. We commit to our clients in every aspect of the company and ensure they are happy and satisfied at all times. We have a customer services unit that clients can call for any kind of information, help or assistance. In these ways we ensure 4aKid has a competitive advantage over other companies.

Social responsibility

At 4aKid, we are passionate about social responsibility. We care about the children of southern Africa and try to make a difference to our community. We have selected a few charities, which include Angels without Wings, Teens Haven and Tshwane Haven Place of Safety. We are also constantly purchasing gifts from the Avril Elizabeth home, in order to support them. We hope that as we grow, we can incorporate more charities into our social responsibility activities.

Future plans

Our main aim is to grow the company by increasing sales and profits by bringing in more products and becoming a market leader in our product categories. A very important step we need to take is to get most of our products patented, so other companies cannot manufacture a similar product. We want to gain more market exposure by getting more agents on board, as well as further retailers. In addition, we want to be able to grow our staff complement and train our current staff into higher positions with more responsibilities. We want to increase BEE and women empowerment in our business, as well as commit to more responsibility.

Source: van Heerden, C.H. (2013). *Contemporary Retail and Marketing Case Studies*. Claremont: Juta

Question

To prepare a marketing plan, you need to have a full understanding of the internal and external factors that are currently impacting, and will impact in the future, on your business. You are required to conduct an opportunity and threat analysis for the 4aKid company. Thereafter, prepare a marketing strategy for the 4aKid company to counter the threats they face, and to take advantage of opportunities that will emerge.

Session 2: Case Study

THE SOUTH AFRICAN CONSUMER FOODSERVICE INDUSTRY

1. Headlines

Foodservice experiences positive growth overall

The South African consumer foodservice industry experienced positive growth over the 2003/2004 period. The number of foodservice units increased by 8.4% while the number of transactions grew by 9%. Value sales rose by nearly 17% in current value terms, to reach R23.3 billion in 2004.

Economic growth and rising disposable income boost foodservice industry

In 2004, expenditure on eating out increased in real terms across all sectors reviewed. This is indicative of South Africa's growing foodservice industry, as disposable income levels continue to rise throughout the population and with increasing urbanisation contributing to the rise in new units and transactions. Furthermore, the South African economy enjoyed healthy growth and development during the review period, thereby encouraging consumption growth.

Fast food sector the main driver of foodservice value sales

The highest value sales were in fast food, followed by cafés/bars, full-service restaurants, street stalls/kiosks and 100% home delivery/takeaway. Chicken was the most popular fast food item in South Africa in 2004, accounting for 43% of the fast food sector in terms of value.

Fast food outlets with strong branding have been successful in South Africa and as a result have benefited from expansion strategies through franchising, for example KFC, Steers and Nando's. McDonald's has struggled to dominate the fast food sector due to the fact that South Africans tend to be loyal to local brands like Steers and Bimbos, while McDonald's tends to appeal more to the younger generation. In addition, the slow penetration of fast food into previously disadvantaged parts of the population has contributed to a rise in consumer foodservice transactions in line with the opening of new units in these areas and in the overall sales of fast food.

Chicken the leader in fast food

In terms of average sales per outlet, chicken fast food was the leader, representing R2.7 million per outlet. This was closely followed by burger fast food, representing R2.4 million per outlet. Both chicken fast food and burger fast food sectors are dominated by chained brands, representing 68% and 78% of value share respectively in 2004. This is due to the fact that they use effective branding strategies and franchising to increase loyalty and volume.

Convenience is the main factor affecting foodservice growth in South Africa. This is due to changing lifestyle patterns, with an increase in both parents working and an increase in single parent households, with the result that less time is spent on the preparation of food for the family than was the case in previous generations.

Family FSR followed burger fast food in terms of average sales per outlet, representing R1.2 million per outlet. This is due to the increase in both parents working, with

consequent higher disposable incomes available per household, and also the importance being placed on enjoyable family occasions.

2. Independent vs Chained

Cafés/bars

In South Africa this sector is still dominated by independents, which had 97% representation in 2004. The traditional unit is family or individually owned and located within a town, city or shopping development. Coupled with this is the fact that South Africans are loyal to local brands and tend to have a preference for their local bars or cafeterias. Both global companies and local operators are faced with a highly fragmented foodservice sector.

Chained formats are expected to grow, as domestic players tend to produce successful formats, which have adopted brand management techniques, such as Mugg & Bean and House of Coffees. Franchising is growing rapidly in South Africa and entrepreneurship is being supported by the government through tax cuts in a move to reduce the high levels of unemployment. Furthermore, an increase in the number of foreign chains is expected in the lead up to the football world cup in 2010 as they seek to establish themselves in an economy which is transforming and revealing its growth potential.

Full-service restaurants

In 2004 there were 9,270 FSR in South Africa, of which 85% were independent. However, chained units are growing at a faster pace than independents. The main reason behind this is the booming franchise business in South Africa, which attracted franchisees due to their lower risk factor. In addition, the government is supporting many entrepreneurs in a move to tackle unemployment and therefore there is much support for opening franchises. This impressive growth was mainly due to continued franchise expansion by domestic players.

In addition, the positive economic environment over the review period also contributed to this positive trend, as a larger number of South Africans were attracted by a franchised business rather than starting up on their own. Attractive restaurants with proven management tools attracted franchisee investors willing to take advantage of their innovation. Themed FSR continue to be successful and are supported by strong brand and marketing backup, for example Steers and Wimpy, both of which are family orientated.

100% home delivery/takeaway

Chained 100% home delivery/takeaway activity increased its share of 100% home delivery/takeaway in terms of unit numbers over the review period, accounting for a slight majority of 57% in 2004. This was due mainly to pizza chain expansion which took place at the beginning of the review period. Debonairs Pizza was the main driver of growth in 100% home delivery/takeaway. This is mainly due to the company's strong market presence and economies of scale in marketing and logistics.

3 Eat in vs Takeaway

Cafés/bars

Despite takeaway value experiencing steady growth over the review period, it

represented a very small share in the value of cafés/bars with 4% value share in 2004. Time constraints are the most important factor for deciding to have a takeaway. However, South Africans prefer to eat in when visiting these establishments as they are most often frequented as social occasions with friends and family. In addition, the rise in personal incomes has led to an increased demand for cafes/bars. According to News Café, there was an increase in sales due to the fact that cafes offer more affordable alternatives to FSR, with a wider choice of meals and salads than the standard sandwich/cake and with a more laid back social setting.

Full-service restaurants

Eat-in sales are clearly favoured in FSR outlets and this is reflected by the fact that 96% of FSR consumption in 2004 took place on-site. However, there remains a 4% group interested in takeaway and this grew over the review period, rising from 2% in 1999.

A rise in personal income helped takeaway to increase its value share by 2.1 percentage points over the review period to 4%, while eat-in fell from 98% in 1999 to 96% in 2004. Increased value for takeaway over the review period was also attributable to the rise in the number of working women and the reduced time available for eating in.

Another important factor driving sales during the review period was the higher number of South Africans using the takeaway service at lunchtime or picking up a takeaway on the way home in the evening. In addition, improved food packaging, innovative menus and promotions dedicated to this service helped takeaway to increase its share.

Fast food

In 2004, takeaway sales accounted for 69% of the total sales in fast food, a marginal decrease from the 75% accounted for in 1999. South African consumers are increasingly changing their lifestyles, spending more time at work and or on the move and having less spare time than previous generations. Fast food has gained in popularity as it has become a meal solution due to the restrictions on free time.

However, during the review period, due to improving economic conditions, greater number of consumers opted to eat in, increasing its value share to 31% in 2004. Fast food is becoming part of the newly adopted lifestyle. Most of the fast food outlets cater to children and therefore are popular amongst families and are often the preferred choice for children's birthday parties amongst low income families.

4. Food vs Drinks Split

Cafés/bars

In cafés/bars, drink dominated food in 2004 with a share of 72%, but nevertheless saw a decrease of 8.9 percentage points in sales over the review period. Most cafés/bars have a limited food offering, but due to the success of fast food outlets in South Africa, cafes/bars outlets have been increasing their food offering to cater for middle to high income earners who wish to have a quick meal/snack in a more relaxing environment. They have tended to focus on healthier options such as light meals and salads, an area that is of growing concern amongst higher income groups, and have increased that sector's value sales of food, which stood at 28% of total sales in 2004.

Full-service restaurants

In FSR in South Africa, food had the largest share of value with an 83% share in 2004, an

increase from the 80% share recorded in 1999. Meanwhile, drink decreased to 17% in 2004, down by 2.5 percentage points on 1999. This is related to the fact that there has been an increase in takeaway meals from FSR over the review period, thereby affecting the sale of alcohol to customers who eat in the restaurants.

Fast food

South African fast food operators mainly focus on food sales, which in 2004 accounted for 89%, up from 85% in 1999. One of the reasons for this is the increase in personal income, allowing customers to purchase 'extras' to compliment their meals. In South Africa a meal tends to consist of the main product offering and a drink, while chips, salads, and desserts would be considered additional items; therefore, the increase in the purchase of side orders has meant an increase in food value sales.

100% home delivery/takeaway

In 100% home delivery/takeaway, food dominated in 2004, with a 95% value share. Over the review period, drink increased its share by 2.4 percentage points on 1999. This is due to the fact that home delivery meals generally do not include drinks, providing a means for these types of businesses to increase their sales value. Due to convenience, customers often compliment their orders by purchasing beverages.

Street stalls/kiosks

In South Africa, the street stalls/kiosks sector only caters for takeaway meals. Drink dominates, representing 71% of value sales in 2004, an increase of 1.2 percentage points on 1999. This is mainly due to the legal restrictions placed on selling food due to health and safety regulations.

5. Location

Cafés/bars

Stand-alone locations' share of cafes/bars value sales in 2004 stood at 60%, increasing by 4 percentage points during the 1999-2004 period. However, despite being the most important type of location in terms of value, share of stand-alone should see only a slight increase over the forecast period, as prime high street locations in city centres are reaching saturation levels. In addition, large chains, in their search for semi-captive customers, are increasingly looking to hotel and travel locations due to increased domestic and international tourism.

Retail was the second most important location, recording 33% value share in 2004. The tendency of South African consumers to prefer one-stop shopping has made shopping centres very popular, while leisure activities such as cinema are often incorporated into retail centres. However, decreased sales at foodservice outlets located within retail environments can be explained by the fact that consumers prefer to have a quick snack or treat, as higher inflation caused food prices to rise.

However, sales in this type of location are expected to pick up throughout forecast, as there is further investment and development in shopping centres around South Africa and with higher personal incomes making eating out more popular. This type of location became a mainstay with some of the most important chains, such as Mugg & Bean and

House of Coffees.

Full-service restaurants

Stand-alone FSR remained the most important in terms of location, accounting for 55% of total value sales in 2004. Its share increased slightly from 1999 as chains moved into city centres to accommodate rising tourism and to cater for the growing popularity of dining out among South Africans.

Retail value decreased by 1.5 percentage points in 2004 to stand at 22%. This is mainly due to the fact that South Africans prefer to have a quick meal while shopping rather than a three course dinner, and as there are also many alternatives in more relaxing environments, this location is expected to continue to decline.

Hotels accounted for 16% of value sales in FSR in 2004, falling by 10.2 percentage points over the review period. This is due to the fact that hotels are often very expensive when compared to high quality stand-alone FSR, and as a result tourists prefer to dine out and experience the various cuisines South Africa has to offer.

Travel locations grew relatively rapidly in terms of value share over the review period, to stand at 8% in 2004. This is mainly due to the investment in airport facilities and the increase in international tourism.

Fast food

Stand-alone units accounted for the majority of fast food value sales in 2004 at 80%. However, this represented a slight decrease from 83% in 1999. This was mainly at the gain of travel and retail venues. Value in stand-alone locations is very much driven by the dynamic activity of chained branded operators, despite the number of independent operators trading from stand-alone sites. The vast majority of stand-alone units are located at the side of roads or in city centres, benefiting from the strong flow of traffic. However, city centre activity is reaching saturation point.

Value sales derived from retail locations reached 14% in 2004, an increase of 0.7 percentage points over the review period. The importance of retail locations is a consequence of the changes in South African consumer habits, as shopping became a family leisure activity and a quick meal being part of the shopping process. Value sales from travel locations experienced positive growth during the review period, from 4% in 1999 to 5% in 2004. The modernisation of food courts in airports and petrol stations was a major factor.

Street stalls/kiosks

Stand-alone locations continued to dominate in 2004, with a value share of 95%. However, it lost some of its share to retail and travel. This is mainly due to the renovation of airports during the review period and the entry of street stalls/kiosks into the retail sector.

Source: Consumer Foodservice in South Africa: Euromonitor International, November 2005

Questions:

1. Identify three customer segments in the South African foodservice market.
2. Compile a profile of each segment.
3. Compare the attractiveness of the three segments.

Session 3: Article

Most valuable banking brands in South Africa

Follow the link below and read the article on branding.

<http://businesstech.co.za/news/banking/78775/most-valuable-banking-brands-in-south-africa/>

Question:

Choose any South African bank on the list from the article. Critically evaluate your chosen bank's branding strategy and how it has contributed to its overall brand value.

Session 4: Case Study

Argo Tea Company

ARGO Tea Company Mission (taken from their website)

"We are passionate about bringing teas directly from growers around the world and blending them into unique and delicious signature beverages and teas. We are committed to being a sustainable business by working with the best local and global tea, coffee, and food artisans by contributing back to our communities to promote a healthy lifestyle and the conservation of natural resources. We are dedicated to delivering consistent quality and a genuine customer experience "one customer and one cup at a time" and to providing the "Argo experience" through our innovative approach of rediscovering the diversity and tradition of teas. We promote diversity by empowering our employees and leveraging our customers' feedback, together results in the best products, people, and business."

In a recent article written by Judy Mottl in the retailcustomerexperience.com online magazine, ARGO Tea discusses the reasons it is so successful in a very competitive market.

"One of the most competitive retail channels is the beverage market, specifically the "hot tea" segment, and making consumers loyal fans and meeting tea lovers' increasing expectations is no easy feat. Success, says a veteran CPG tea brand, is all about listening to the customer and not only meeting the product expectation but also exceeding it.

That's how Argo Tea, founded in 2003, developed its newest tea-based dairy drink, Teappuccino, which will launch this fall with three flavours (Chai, Earl Grey Vanilla Crème, Green Tea Strawberry Crème) at select retailers.

The new drinks come five years after Argo Tea launched its first ready-to drink initial Signature Tea, a 10-flavor portfolio now found on shelves in more than 20,000 retail outlets from 7-Elevens and Walgreens to Whole Foods. Last year two teas, Green Tea Ginger Twist and the Mojitea, were awarded first place as "Best Read-to-Drink" iced teas at the North American Tea Championship.

The brand now has 50 Argo Teas worldwide and serves more than 10 million cups of tea each year. In addition to tea, the retailer sells organic coffee, tea ware, specialty foods, pastries and loose leaf tea.

The brand's success is tied to several drivers, from product innovation to listening to tea lovers, especially those seeking the healthiest tea option.

"Great taste is critical for repeat purchase and the new Teappuccino line from Argo Tea delivers on that," Dana Dimitri, marketing director, told Retail Customer Experience in an interview. "It also responds to consumer demand for innovative, healthy drinks with real ingredients, including protein powder, milk and real fruits, flowers, spices and herbs.

The fact that Teappuccino is shelf-stable, convenient, and perfect for on-the-go is just an added consumer benefit," Dimitri said. To stay competitive and award winning, the brand focuses on several elements, shared Dimitri, is for a retailer to be as focused on the customer as possible. "We are passionate about bringing teas from growers around the world and blending them into unique and signature beverages and tea. We hear first-hand from consumers what they want and deliver innovative new products," Dimitri said, adding, the brand also wants to set trends

addressing consumer needs. An upcoming product line of vegan beverages reflects that, D noted.

At the same time it's expanding its beverage products, Argo Tea is looking to expand its presence as a retailer and a product within retail establishments. "We plan to expand our footprint stores and increase distribution of our portfolio with additional top retailers," Dimitri said."

Sources: www.argotea.com - About Us
www.retailcustomerexperience.com

Questions:

1. Discuss the Segmentation, Targeting and Positioning process and explain how this will impact on the marketing communication strategy in the context of the Argo Tea. (10)
2. In an increasingly complex market place companies have to become more innovative in order to remain competitive, many companies do this using Brand and line extensions. Discuss how Argo Tea has used these tactics in their marketing strategy. (10)
3. Discuss how Argo Tea utilised New Product Development to ensure their brand remains relevant to their target market (10)
4. Critically discuss Argo Tea's channel decisions, including in your discussion how this affects consumer's perceptions of the brand and other channel options that might be open to Argo Tea. (20)

Session 5: Task

This is a group task (4 people per group). Identify a viral campaign that was launched in South Africa recently. Critically evaluate this campaign. Your discussion should include:

1. The advantages and disadvantages of viral marketing.
2. How the campaign was created?
3. The content created.
4. The viral reach.