

UNIVERSITY OF SWAZILAND  
FACULTY OF COMMERCE  
DEPARTMENT OF BUSINESS ADMINISTRATION  
SUPPLEMENTARY EXAMINATION PAPER JULY 2009

TITLE OF PAPER : MARKETING MANAGEMENT  
DEGREE AND YEAR : DIP. COM. III & IDE – LEVEL 4  
TIME ALLOWED : THREE (3) HOURS  
COURSE CODE : BA 321  
INSTRUCTIONS: 1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER (5)  
2. SECTION A IS COMPULSORY. ANSWER ANY TWO QUESTIONS FROM SECTION B  
3. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE AS INDICATED ALONGSIDE THE QUESTION

NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY AND NEAT PRESENTATION OF WORK. FURTHER MARKS WILL BE AWARDED FOR THE USE OF RELEVANT EXAMPLES

SPECIAL REQUIREMENTS: NONE

THIS PAPER SHOULD NOT BE OPENED UNTIL PERMISSION TO DO SO HAS BEEN GRANTED BY THE INVIGILATOR.

## **SECTION A: CASE STUDY**

### **SOUTH AFRICAN AIRWAYS (SAA) – FLYING OVER NEW HORIZONS**

Source: Adapted from Jooste, C.J., Botha, J., De Beer, Y., Grove, T. and Oosthuizen, N. (1996), Marketing Management Workbook, Juta & Co. Ltd., Kenwyn, South Africa, pp. 14-16.

Nearly every business in South Africa has been forced over the past two years to adopt and adapt to change. Clearly some have done better than others, while some had no choice. South African Airways (SAA) is one company that readily embraced change. Just over a year ago there were in effect two separate airlines under the SAA umbrella: domestic and international. Recently, however, there has been a complete restructuring and the airline is now treated as one united body with identical branding throughout. According to a senior manager of SAA, there has been both downsizing and re-engineering of the airline itself: "We were caught up in the disaster that all airlines faced after the Gulf War and became embroiled along with everyone else in a price war on our long-haul routes. The other problem, of course, was having South Africa as our home base. Due, initially at least, to these two factors, we are currently going through a process of development and change."

The following three areas of its business, by accommodating change, have contributed significantly to both the image and profitability of SAA.

#### **AFRICA BOUND**

SAA is currently flying to more destinations in Africa than any other airline. Africa is perceived as being different from the South African market and the international market. "For years they didn't like it known that they were doing business with us, but right now we are inundated with requests to form alliances with other African airlines."

This may come as a surprise to many, but SAA is not government-subsidised. "We have to make money and Africa is profitable for us," they say. "We have extended our network into Africa hugely over the past two years and intend to continue doing so as profitable opportunities arise. Although our involvement in Africa is perceived as a sudden explosion, it has in fact been quite gradual as it is extremely expensive to open a new route."

SAA says: "Our view of Africa generally is that most certainly it is our home base and we see ourselves not just flying there but being able to offer management and technical expertise. We are already servicing other African airlines' aircraft and are currently talking to Uganda and Tanzania, both of whom want to draw on our resources. We have also entered code-share arrangements with some of them. This means that two airlines, for example SAA and Air Afrique, sell tickets for the same flight on the same aircraft. We enter into these arrangements where we find that there is really not enough traffic to warrant two airlines flying regularly. Instead of two half-full aircraft both airlines enjoy the profits of one full one. Obviously in some African countries we are competing

directly against that country's own national carrier. There is no doubt about it, however, we know how to make a profit on our home continent. Outside of that it is more difficult, with prices at an almost record low.

"In Africa we see our growth therefore being through co-operative arrangements. We see it being done quietly and subtly, with no heavy marketing drive and advertising spend outside South Africa. We will rely rather on our South African market to generate the greater part of our business – South Africa into Africa, rather than the other way around. There is a shoppers' market into Africa, so big sometimes we can't fit all the shopping in on the return flight and have to run a cargo freighter a day or two behind for all the luggage! So really, it amounts to inbound shopping and outbound business, and therefore makes sense to concentrate our marketing efforts here."

### **VOYAGER TAKES OFF**

Probably the most high-profile change that SAA has implemented in 1993/4 is its Voyager Frequent Traveller Programme. "In five months this has grown fantastically and in this period we have grown our membership base faster than any other frequent flyer programme in the world," says SAA, growing by more than 50% in this period. They currently have about 120,000 members and they haven't yet started promoting outside South Africa. Voyager appears to have become immediately integrated into members' lifestyles through the use of Voyager partners, such as Avis, Imperial, Diner's Club, Southern Sun and MTN. It will continue to grow with the addition of major local and international partners and a high level of promotions which are planned.

Voyager miles are not just limited to flying with SAA. In conjunction with Thebe Investments and Air Ontario, SAA have created a new airline, SA Express, which caters for the smaller towns and cities in South Africa. People travelling on the airline also qualify for Voyager miles. SAA also formed associations with other airlines abroad. For instance, if you fly SAA to London and catch a connecting British Midlands flight, you earn extra miles on this flight. *Voyager News* and *Altitude* magazines are sent out on a regular basis to maintain SAA's relationship with members.

### **INTERNAL AND EXTERNAL SERVICE**

According to SAA, it has always taken the issue of service very seriously, and is doing so now more than ever. The airline industry has changed in recent years and while Europe was always the core of its long-haul business, this is not really a growth market for SAA anymore. Asia is growing enormously and so is America, but on every route SAA has a competitor. SAA has changed the tactics and looks at each route separately. Whereas before SAA tried to go for as standard a product as possible, it is now more route-specific. For instance it makes sure that the cabin crew speak the language of the destination country and that the meals are tailor-made for that region. SAA is conscious of a need to adopt standards that are route-specific and is also trying to get away from the slogan, "Join SAA and see the world", to "Join SAA and give good service, then you can see the world!"

While SAA realizes the vital importance of customer service, it also believes in its "internal customers" – its own staff. SAA believes in the *ubuntu* philosophy: "You are what you are because of other people." SAA promotes this philosophy throughout the company as well as to its passengers. SAA believes that you cannot expect the cabin crew to offer good service to passengers if they themselves feel neglected. The cabin crew are often servicing 350 passengers for as long as 14 hours at a time.

SAA believes that it is not only the quality of the training that is important but the quality of the recruitment as well. In terms of recruitment and affirmative action, SAA adopts the "turn" strategy, which means that it first looks inward to fill a position; but only non-whites are recruited from outside at the moment, as part of a policy to become more representative of the country as a whole. SAA says: "We have essentially accented the target and are also concerned about gender equality as well as racial equality. We have adopted the Reconstruction and Development Programme (RDP) as part of our policy on employment. We believe in taking people with aptitude and moving them quickly into positions of seniority."

Over a year ago SAA formed Fabtravel together with the Black African Travel Agents Association of South Africa (BATASA), which has adopted the concept of group travel and creates travel clubs. As a joint venture it is tapping into the social structure of the township group ethic of *stokvel* systems.

**QUESTIONS (Your discussion must apply marketing theory to the case study)**

- a) Discuss the service profit chain in the context of SAA (10 marks)
- b) Use the services marketing triangle to discuss SAA's application of services marketing principles (15 marks)
- c) Show how SAA is applying social orientation (5 marks)
- d) Illustrate how a SAA passenger achieves total delivered value (10 marks)
- e) How does SAA's frequent flyer programme (Voyager) contribute to the concept of relationship marketing? (10 marks)

**SECTION B ANSWER ANY TWO QUESTIONS FROM THIS SECTION**

**QUESTION TWO**

- a) Discuss the contents of a marketing plan. (10 marks)
- b) Discuss the elements of the marketing process. (15 marks)

**QUESTION THREE**

“Customer service is not a department but a process.” Discuss this statement with reference to the importance of customer service in an organization. (25 marks)

**QUESTION FOUR**

- a) Define a small business using the Swaziland Government definition. (5 marks)
- b) Small businesses in Swaziland have several challenges. Based on your research, what are the major challenges facing small businesses in Swaziland? (20 marks)

**QUESTION FIVE**

- a) Discuss the reasons why companies decide to operate abroad. (15 marks)
- b) Discuss the barriers to trade that companies face as they try to go international. (10 marks)