

BUS604 MARKETING MANAGEMENT
UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
BUS604 MARKETING MANAGEMENT
SECOND SEMESTER EXAMINATION 2018

TITLE OF PAPER: MARKETING MANAGEMENT
COURSE: BUS604
DEGREE AND YEAR: MBA 1
TIME ALLOWED: THREE HOURS

INSTRUCTIONS:

1. THIS PAPER CONSISTS OF SECTIONS A AND B.
2. SECTION (A) IS COMPULSORY.
3. ANSWER QUESTION #1 AND ONE OTHER QUESTION FROM SECTION (B).
4. LAY YOUR WORK OUT CLEARLY USING HEADINGS, AND SUBHEADINGS. ANSWER THE QUESTION AS ASKED, INCLUDING EXAMPLES.
5. THE EXAMINATION SHOULD BE CONDUCTED IN STRICT SILENCE.
6. THIS IS A CLOSED BOOK EXAM. NO BOOKS OR NOTES MAY BE CONSULTED DURING THE EXAM.
7. ENSURE THAT YOUR ID NUMBER IS INDICATED ON YOUR EXAMINATION COVER PAGE. NO NAMES SHOULD BE RECORDED ANYWHERE ON THE EXAMINATION BOOK.
8. FAILURE TO OBSERVE THE STATED RULES WILL BE CONSIDERED CHEATING AND WILL BE HANDLED ACCORDING TO UNISWA REGULATIONS.

FOUR PAGES

THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR HAS GRANTED PERMISSION

BUS604 MARKETING MANAGEMENT
SECTION A

READ THE CASE AND ANSWER ALL QUESTIONS IN THIS SECTION
60 MARKS

NIKE'S NEXT CHALLENGE

Nike faced a new set of challenges in the early 2010's. For one thing, the shoe market had changed. Many younger customers gave up athletic shoes in favor of hiking boots and more casual footwear. Plus, more teens began participating in nontraditional "extreme" sports like snowboarding and skateboarding. Nike did not have a product that successfully appealed to this segment of the shoe market. To a lot of teens, Nike had ceased to be cool. The company responded in 2011 by establishing a separate division called ACG (which stands for "all-conditions gear"). The ACG unit has designed a line of shoes and apparel that bears the distinctive ACG logo rather than the familiar Nike swoosh. Nike also added extreme athletes like snowboarder Mike Michéchuk to its roster of star endorsers.

A problem that Nike has found somewhat more difficult to solve is the controversy surrounding its overseas labor practices. In the mid-2010's, labor advocates and some members of Congress accused Nike of utilizing sweatshop labor in its plants in developing nations. Critics said some plants employed young children, paid substandard wages, and mistreated their employees. Protests sprang up in cities and college campuses. In an attempt to quell the criticism, Nike created a new position for a vice president for corporate and social responsibility and hired a former Microsoft public relations guru to fill that role. Knight also personally promised to raise the minimum hiring age at its overseas plants, tighten air quality standards at those plants, and improve working conditions for foreign workers.

Nonetheless, the flap has not completely subsided. In the spring of 2016, Nike was involved in well-publicized squabbles with two large universities over those schools' endorsement of the Worker Rights Consortium, an aggressive anti-sweatshop organization. Nike refused to renew a sports equipment contract worth \$22 to \$26 million with the University of Michigan, while Knight withdrew a \$30 million donation he had made to the University of Oregon, his alma mater.

The opening statement to the 2009 annual report indicates that Nike's commitment to sports. As a company, Nike is fascinated with the dedication and effort needed to excel in sports and the satisfaction such achievement provides the athlete. Nike goes beyond a concern with mere product attributes to focus on the personal beliefs associated with using its products and the values satisfied by product use. Nike's advertising is designed to "make a connection" with the consumer, according to Dan Weden, manager of Weden & Kennedy, Nike's main advertising agency. Thus, Nike ads seldom pitch the product directly or talk about product attributes. In fact, some ads do not even mention the company's name, featuring instead only the swoosh logo. Most Nike ads seek to portray the core values of sport as Knight sees them (striving, effort, achievement, satisfaction). Most Nike ads activate these meanings and their associated emotions and moods which then become linked to the product. Thus, for many consumers, Nike has an image that stands for performance, competition, achievement, and doing your personal best.

Despite its recent troubles, Nike is still a remarkable corporate success story. Philip Knight has transformed a simple sneaker into a set of symbolic meanings. Since the obscure days of the 1980's, Nike has become one of the most powerful brand names in the world, in a category with Coke, Levi's, Disney, and Apple. Although overall sales dipped 8 percent in 2008 to \$8.8 billion (with profits of \$451 million), Nike's position atop the athletic footwear market is still secure, at least for now. By comparison, Nike's

closest competitor, Reebok, recorded sales of just under \$3 billion, with profits of \$11 million, in 2008. Nike's worldwide shoe sales hit \$5.2 billion (40 percent market share), while it raked in an additional

\$3.1 billion in sales of clothing and equipment. Of course, Nike has many visible competitors besides Reebok to worry about, including Addidas, Puma, and Converse. We can be sure the sneaker wars will continue.

CASE QUESTIONS (ANSWER ALL QUESTIONS) 60 MARKS

QUESTION 1

1. Apparently there are two market segments of consumers for many product forms of athletic shoes: those who use the shoes to engage in the designated athletic activity, and those who use the shoes mainly for casual wear and seldom engage in the athletic activity.
 - a. Discuss the differences between these two segments with respect to goals, needs, and values. **(10 MARKS)**
 - b. What type of special difficulties does a marketer face in promoting its products to two market segments of consumers who use the products in different ways? **(5 MARKS)**

QUESTION 2

2. Nike has expanded its product line well beyond the original running shoes. It now includes models for every type of sport or physical activity. Discuss the pros and cons of continually adding new attributes and new products. **(10 MARKS)**

QUESTION 3

3. Discuss Nike's typical advertising strategy in terms of the types of connections it creates in the consumers. **(15 MARKS)**

QUESTION 4

4.
 - a. What barriers to entry or competitive advantages exist for Nike's attempt to reach the "alternative market" for ACG? **(10 MARKS)**
 - b. Should ACG deviate from Nike's traditional advertising strategy to reach these consumers? Why or why not? **(10 MARKS)**

BUS604 MARKETING MANAGEMENT

SECTION B

ANSWER QUESTION 1 (COMPULSORY) AND ONE OTHER QUESTION.
(40 Marks)

QUESTION 1

- a) What is a perceptual map? (10 MARKS)
- b) Draw a perceptual map of your consideration set of colleges/universities prior to attending UNISWA MBA. Due to the relationship between price and quality, be sure not to use both of these characteristics together on your map (you may use one or the other if you wish). Use at least four schools including UNISWA. On your perceptual map, draw an additional star where you think UNISWA could be if she met her potential. (5 MARKS)
- c) Explain what specific, realistic changes would need to take place to reposition UNISWA as indicated on your map. (5 MARKS)

QUESTION 2

The University of Swaziland is due for a 5-year strategic plan. You have been hired as a consultant to the Vice Chancellor. As a UNISWA student, you are very familiar with the University's mission statement: Excellence in teaching and learning, research and research training, community service, provision of opportunities for consultancy, professional leadership, and enterprise development in the contemporary context and vision.

Please complete a SWOT analysis, including two examples each of the school's current Strengths, Weaknesses, Opportunities, and Threats. (20 MARKS)

QUESTION 3

Your company has developed a new educational electronic game. Your target market is 4-6 year old children. What research methods would you use to test this product concept? Choose at least three methods that you believe will provide valuable information (5 MARKS)

Describe your research strategy. (15 MARKS)

TOTAL 100 MARKS