



<b>FACULTY/COLLEGE</b>	College of Business and Economics
<b>SCHOOL</b>	School of Consumer Intelligence & Information Systems
<b>DEPARTMENT</b>	Marketing Management
<b>CAMPUS</b>	APK
<b>MODULE NAME</b>	Strategic Marketing
<b>MODULE CODE</b>	BMB3B01/MAR33B2/MMA23B3/MMK23B3
<b>SEMESTER</b>	Second
<b>ASSESSMENT</b>	Supplementary Summative Assessment Opportunity

<b>ASSESSMENT DATE</b>	TBC	<b>SESSION</b>	TBC
<b>ASSESSOR(S)</b>	Mr A Ledikwe		
<b>MODERATOR(S)</b>	Ms M Bogaards		
<b>DURATION</b>	3 hours (180 min)	<b>TOTAL MARKS</b>	100

<b>NUMBER OF PAGES OF QUESTION PAPER (Including cover page)</b>	7
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**INFORMATION/INSTRUCTIONS:**

- This is a closed-book assessment.
- There are FOUR (4) questions. **ALL questions are compulsory.**
- Read the questions carefully and answer only what is required.
- Provide examples/application to the case study only where asked to do so.
- Furthermore, assumptions pertaining to your general knowledge of Wimpy may be made.
- Number your answers clearly and correctly as per the question paper.
- Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
- Question papers must be handed in.
- Answers should contain 40% theory and 60% application.

- Ensure that all your personal particulars appear on all answer books.
  - The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
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## CASE STUDY: WIMPY SOUTH AFRICA

***Read the case study and answer questions that follow.***

### **Reading 1:**

#### **All about Wimpy**



Life tends to get busy and we often forget to make time for the people who matter the most. We understand this and since we opened our first restaurant in Durban in 1967, Wimpy has inspired families and friends to come together for shared moments over meals. What followed were many memorable moments, like in the 80s when we became the first sit-down restaurant to officially serve all South Africans. Yes, long before we became the Rainbow Nation, we were the Wimpy Family and together we made history sharing tasty Wimpy Burgers and deliciously creamy milkshakes.

Back then, we also partnered with Mobil (now Engen) and took to the road, making sure that a Wimpy pit-stop is a part of every journey. This meant that shared family moments could now be enjoyed en route to holiday destinations. Up to then we were known as 'The Home of the Hamburger', which meant that our shared moments were largely served over lunch and dinner. But we also wanted to become known as 'The Home of the South African Breakfast', so we started serving All-Day Wimpy Breakfasts and our Famous Frothy Coffee, which both soon became South African favourites! In the 2000s we were the first to introduce espresso-based coffees nationally in South Africa through our Premium Blend Coffee Range, making catch-up coffee breaks a lot more special. And yes, we will always "love it when you talk foreign, Henry".

This year we're celebrating 50 years of #SharedMoments. Through all of these milestones you've joined us for quick coffee breaks, long lunches and catch-up breakfasts. The truth is, we don't just serve lekker meals, we serve moments, family moments that are worth sharing. With our 490+ easily accessible restaurants, deliciously affordable food, quick and friendly table service, and our unpretentious yet welcoming atmosphere, Wimpy easily brings family and friends closer together with every meal. So, make time for the people you love. Make time for a meal. **WIMPY, Enjoy Every Moment.**

Source: Wimpy South Africa (2018). *About us All About Wimpy*. Available from online from: <https://www.wimpy.co.za/index.php/about-wimpy>

### **Reading 2:**

*Famous Brands has closed 96 stores in South Africa in the past year, its CEO Darren Hele told Business Times.*

The report stated that 76 of the closures affected the company's main brands – including Wimpy. Famous Brands operates many well-known restaurants, including Debonairs Pizza, Steers, Tashas, Mugg and Bean, and Vovo Telo. The remaining 20 closures affected its "niche brands", including Vovo Telo and Bread Basket, stated the report. Famous Brands also closed

24 stores in its Africa and Middle East operations. The report stated that Wimpy now stands at 478 stores in South Africa, and that the closures were partly a result of the brand being 50 years old. "There are always going to be some elements of closure, especially in South Africa, where the demographics change," Hele told Business Times. Certain sites have been there for 40 years, "so if you went to downtown Johannesburg, that's not Wimpy's heartland any more", he said.

Source: Mybroadband (2018). Famous brands closes 96 stores in South Africa – including Wimpy restaurants. Available online from:

<https://mybroadband.co.za/news/trending/270849-famous-brands-closes-96-stores-in-south-africa-including-wimpy-restaurants.html>

### **Reading 3:**

#### **Fast Food in South Africa – Country Report May 2018 – Euromonitor**

- In 2017, fast food grows by 9% in current value terms and 5% in terms of transactions volume to reach ZAR39.4 billion and 825.7 million respectively, while the number of outlets rises by 3% to reach 11,380
- New fast food chains continue to enter the country helping to drive growth
- Chained chicken fast food is the most dynamic category in 2017 with current value growth of 11%
- KFC continues to lead fast food in 2017 with a value share of 22%
- Fast food is projected to increase at a CAGR of 3% both in value terms at constant 2017 prices and in terms of number of outlets, to reach ZAR45.6 billion and 13,331 respectively

#### **Players look to compete through variety and localised menus**

Fast food operators continued to broaden their menus in order to offer a wider selection of meals and snacks at a wider range of price points to attract customers of all budgets in 2017. Many opted to offer value for money in the form of promotional pricing, targeted meal time deals, weekly specials and loyalty programmes, while some fast food chains continued to offer smaller menu items at lower prices. Menu localisation also remained a major trend in 2017, as players differentiated their brands with menus featuring localised flavours. For example, McDonalds offers its Boerie Double and Single burgers, which are flavoured with boerewors, which is a traditional South African sausage. Meanwhile, Burger King introduced its own Boerewors Burger in 2017 which was accompanied by a television advertising campaign that focused on the good things about South Africa.

#### **Popeyes helps to drive growth in chicken fast food**

Chained chicken fast food was the most dynamic category within fast food in 2017, which was partly due to the growth of leading players KFC, Chicken Licken and Nandos, but also due to US chain Popeyes Louisiana Chicken opening its first three stores in Johannesburg. Chicken is by far the most popular type of fast food in South Africa and franchising is seen to have plenty of potential within the country. Nevertheless, due to the consolidated competitive landscape of chicken fast food it may be difficult for newcomers to succeed without significant financial investment. For existing players they are likely to continue benefiting from the popularity of fried chicken, which it is claimed many South Africans are addicted to due to its taste and high fat content, plus, unlike pork, it is not forbidden by any of the country's main religions.

## Players adjust menus to cater to health-conscious consumers

There is growing health and wellness awareness in South Africa with it suffering from high rates of overweight and obesity in both children and adults, with these rates continuing to rise at the end of the review period. As a result, some consumers are showing greater concern over what they eat, which is being reflected in the offer from fast food operators. Franchises such as Kauai offer healthy menus and are seeing good growth, while other fast food players are introducing healthy alternatives to their standard products to capture more health-conscious consumers. There is also a sizeable and growing population of vegetarians in the country and so players including Nando's, McDonald's and KFC all now offer vegetarian options.

## KFC maintains strong lead in fast food

KFC maintained a strong lead in fast food in 2017, which is thanks to the widespread popularity of fried chicken in South Africa and the strength of the brand, with its special recipe. The franchise offers a wide range of options, including meal deals and promotions, mini meals and sharing meals, with it adding new items on a regular basis, such as its new range of Zinger burgers. In 2017 KFC announced that consumers in Johannesburg can now order home delivery through the UberEATS and Mr D Food apps, while it also opened 51 new outlets all of which served to increase access and convenience for consumers. Despite this, there are concerns that chicken fast food is on the wane due to rising health concerns, which could impact the performance of KFC over the forecast period.

## Burger King invests in promoting brand awareness

Burger King witnessed the most dynamic growth in current value terms in 2017, having only entered South Africa in 2013. The chain has invested heavily in marketing and promotion to generate brand awareness, with it running a humorous television advertising campaign in 2017 for its Tendercrisp chicken burger which featured a couple acting out sketches that relate to the qualities of the burger. Burger King has also looked to highlight what makes its range different to other fast food chains, with its website and social media pages providing what it calls its Whopperducation. Since its entry the chain has continued to take share from leading burger fast food players McDonald's and Wimpy, but local player Steers actually increased its value share at the end of the review period with it opening a significant number of new outlets.

**Table 14 GBN Brand Shares in Chained Fast Food: % Foodservice Value 2014-2017**

% value	Global Brand Owner	2014	2015	2016	2017
KFC	Yum! Brands Inc	30.3	30.4	29.3	29.2
McDonald's	McDonald's Corp	15.4	15.5	15.1	14.6
Nando's	Nando's Group Holdings Ltd	9.2	8.8	8.0	7.8
Wimpy	Famous Brands Ltd	7.4	7.2	6.9	6.8
Debonairs Pizza	Famous Brands Ltd	4.3	4.5	4.9	5.0
Steers	Famous Brands Ltd	4.4	4.5	4.6	4.5
Fish & Chips Co	Taste Holdings Ltd	2.6	2.7	2.8	2.7
Burger King	Restaurant Brands International Inc	0.3	1.5	1.8	2.1
Roman's Pizza	Roman's Catering Enterprises	1.7	1.6	1.6	1.6
King Pie	King Pie Holdings	1.8	1.7	1.6	1.5
Chicken Licken	Golden Fried Chicken Pty Ltd	1.6	1.6	1.5	1.4

% value	Global Brand Owner	2014	2015	2016	2017
FishAway	Famous Brands Ltd	1.2	1.2	1.3	1.3
Hungry Lion	Shoprite Holdings Ltd	0.9	0.9	0.9	0.9
Kauai	Real Foods Pty Ltd	-	0.8	0.8	0.8
Chesa Nyama	Franchising To Africa (Pty) Ltd	0.5	0.7	0.8	0.8

Source: Euromonitor International from official statistics, trade associations, trade press, company research, trade interviews, trade sources

**Table 19 Forecast Sales in Fast Food by Category: % Transaction Growth 2017-2022**

% transaction growth	2017/2018	2017-22 CAGR	2017/22 Total
Asian Fast Food	3.2	2.4	12.7
- Chained Asian Fast Food	3.5	3.3	17.5
- Independent Asian Fast Food	3.2	2.3	11.8
Burger Fast Food	8.6	8.6	51.2
- Chained Burger Fast Food	9.1	9.0	53.8
- Independent Burger Fast Food	5.6	6.4	36.7
Chicken Fast Food	5.2	5.1	28.0
- Chained Chicken Fast Food	4.8	5.2	28.6
- Independent Chicken Fast Food	6.7	4.7	25.5
Convenience Stores Fast Food	2.1	1.2	6.3
- Chained Convenience Stores Fast Food	5.3	3.6	19.4
- Independent Convenience Stores Fast Food	1.5	0.8	3.8
Fish Fast Food	4.9	3.6	19.3
- Chained Fish Fast Food	6.5	4.7	25.6
- Independent Fish Fast Food	1.2	0.8	4.0
Pizza Fast Food	4.9	4.4	23.9
- Chained Pizza Fast Food	5.2	4.7	25.7
- Independent Pizza Fast Food	2.2	1.9	9.7

Source: Adapted from: Euromonitor (2018). Fast Food in South Africa.

## QUESTION 1

**[25 MARKS]**

- 1.1 Explain what a marketing metrics dashboard is (2 marks). **[2]**
- 1.2 Briefly explain the key benefits that Wimpy could gain from developing a marketing metrics dashboard (3 marks). **[3]**

- 1.3 Describe the **SIX (6)** challenges that Wimpy could face upon implementing a new strategy (12 marks). **[12]**

Wimpy's management is uncertain about how to use a positioning map and they approach you for help. Answer questions 1.4 and 1.5 below.

- 1.4 Explain what a positioning map entails (2 marks). **[2]**
- 1.5 Using any two logical dimensions, draw a positioning map for Wimpy that clearly indicates where Wimpy is positioned relative to its main competitors, Nando's and McDonald's (6 marks). **[6]**

**QUESTION 2** **[24 MARKS]**

- 2.1 Describe the framework of a typical marketing plan to advice new entrants on how to compete in this fast food industry (18 marks). **[18]**
- 2.2 Identify which **ONE (1)** of the five basic competitive strategies you believe Wimpy is pursuing to compete in the fast food market (1 mark). **[1]**
- 2.3 Explain what this competitive strategy entails (2 marks) AND motivate your explanation using clear examples from the case study, why you believe Wimpy is using this strategy (3 marks). **[5]**

**QUESTION 3** **[26 MARKS]**

- 3.1 You are the new marketing strategist for Wimpy. Motivate the importance of strategic marketing to the Wimpy brand (assumptions can be made), specifically why strategic marketing is needed for the survival of the Wimpy brand by referring to each of the following (12 marks):
- intensifying battle for market share (3 marks)
  - fierce competition in world markets (3 marks)
  - diversity of needs and requirements in South Africa (3 marks)
  - shorter product life cycles and ease of access to technology (3 marks) **[12]**

3.2 Briefly describe each of the elements of the SELECT framework (6 marks). **[6]**

3.3 Considering specifically the “S” in the SELECT framework, demonstrate your understanding of the two schemes used to categorise the “S” of the organisations’ competitive advantage by applying these schemes to Wimpy (8 marks). **[8]**

**QUESTION 4**

**[25 MARKS]**

1.1 Discuss the **FOUR (4)** market strategies that are applicable for new entrants in the fast food industry (20 marks). **[20]**

4.2 Motivate which **ONE (1)** of the discussed strategies in 4.1 Burger King pursued AND provide your opinion on how beneficial you believe this strategy turned out for Burger King (5 marks). **[5]**

**TOTAL 100**

**END OF THE EXAMINATION**