



**PORTFOLIO – FINAL ASSESSMENT for MCom**

<b>FACULTY/COLLEGE</b>	College of Business and Economics
<b>SCHOOL</b>	Johannesburg Business School
<b>DEPARTMENT</b>	Business Management
<b>CAMPUS</b>	APK
<b>MODULE NAME</b>	Strategic Management - <b>MCom</b>
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<b>SEMESTER</b>	Second
<b>ASSESSMENT OPPORTUNITY, MONTH AND YEAR</b>	<b>Final Assessment - Portfolio</b>

<b>DUE DATE</b>	<b>19 November 2020</b>	<b>SESSION</b>	
<b>ASSESSOR</b>	Dr Dinko Herman Boikanyo		
<b>MODERATOR</b>	Dr Johan le Roux		
<b>DURATION</b>		<b>TOTAL MARKS</b>	<b>150</b>

<b>NUMBER OF PAGES (Including cover page)</b>	<b>5</b>
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**INFORMATION/INSTRUCTIONS:**

- **Number your answers clearly.**
- **Structure your answers by using appropriate headings and subheadings.**
- The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.

I declare that I am aware and understand actions that are considered to be committing an offence during an assessment as per UJ Academic Regulations and Assessment Policy. I understand that persons who are not registered for a relevant module and are present in an assessment to take part in the assessment opportunity are guilty of fraud and may face disciplinary procedures or legal action.

I have NOT:

- *Committed academic misconduct;*
- *Committed plagiarism;*
- *Helped or attempted to help another student, or obtained help or attempted to obtain help from another student, or obtained help or attempted to obtain help from any source of information, except for explicitly approved sources as permitted by the Assessor.*

**By do this assessment, you consent with the declaration.**

**FINAL EXAM – PORTFOLIO****Total Marks = 150****SECTION A****30 Marks**

Write an essay about the about **the possible impact of 4IR on the South African manufacturing sector?**

- Cover all the major elements of the topic including the aspects such as;
  - What it is, its use, benefits, its positive and negative impacts, its potential and risks and the sector's readiness
- Provide a broad literature overview incorporating the latest developments or trends.
- Be sure to consult academically sound journals, articles, textbook and electronic sources
- Your essay should be properly structured and the structure should at least have an introduction, the body with sub-titles, recommendations and conclusion

**SECTION B****20 Marks****Strategic analysis of SAA**

**Respond to the following questions about SAA. Use the information in the public domain for your analysis. There is no need to interview SAA employees.**

**Assume that you have been appointed as a strategist for SAA when you respond to the questions.**

**QUESTION 1**

Briefly discuss the current strategic issues at SAA and propose a future desired state for the organisation  
(10 marks)

**QUESTION 2**

Do a brief comparative analysis of SAA and Ethiopian Airlines. What would recommend to SAA to help it survive and be profitable?  
(10 marks)

**SECTION C****100 Marks****CASE STUDY**

Read the following case study and respond to the following questions

**Ster-Kinekor and Nu Metro: More than just a movie, it's a cinema experience**

Cinema has come a long way from the days of drive-ins, which is largely due to innovations and new product offerings. With the rise of video on demand (VOD), now more than ever before, cinemas have to step up their game.

Ster-Kinekor and Nu Metro are the two mainstream cinema groups in South Africa and both are constantly introducing new offerings to drive customer growth. Both groups seem to reflect the same mindset; compelling content delivered on various platforms with added benefits will enhance the consumers' cinema experience, which will keep them coming back. It is no longer simply just a movie; it is now a complete interactive, immersive, engaging, often luxurious cinema experience.

Chief of marketing and sales for Ster-Kinekor Theatres, Motheo Matsau, explains. "For Ster-Kinekor, it is always about responding to the needs of our customers 'on their own terms'. For us to sustain the existing levels of growth in cinema as a category, our focus continually needs to be on how to innovate further around the premiumisation of the entertainment experience by focusing on how to package and promote local content in particular, across multiple platforms. This is where content and experience will have the most significant impact."

Nu Metro has introduced three new products in the last three years, including the large premium format cinema with 360 degree-sound, Scene Xtreme; the luxury seating and in-cinema dining option; and Scene VIP – inclusive of three all-new, all-VIP cineplexes in Hyde Park, Bedford and Parkview. The cinema group has also introduced the first ever fully immersive 4DX cinemas to Africa, which includes moving seats, scent, spray, fans and strobe lights. "Technologically, we have invested in world-class digital projection and sound," says Nitesh Matai, management executive for Nu Metro Cinemas. "Apart from our varied cinema experiences, we have installed the first laser projector in Africa at the largest screen in Cape Town, Scene Xtreme at Nu Metro Canal Walk. This is also the only cinema in Cape Town with Dolby Atmos sound."

Ster-Kinekor is also pushing its product innovations, both technologically and in terms of format, with IMAX (both 2D and 3D) making movies come alive for audiences; and Cine Prestige, offering luxury, comfort and convenience. Ster-Kinekor also boasts Cinema Nouveau, which gives movie-goers alternative and art-house content, including foreign language films. Both Nu Metro and Ster-Kinekor continuously push specials through their rewards programmes and host themed screenings, including "girls' nights out".

#### *Smaller players*

It's not just the big players who have to innovate to keep people coming back for more. The Bioscope, which opened in 2010, is a smaller player that is constantly coming up with and implementing new ideas, signature events and collaborations in order to keep it relevant, different and exciting. "We've chosen eventing innovations over technical ones. So our ideas have involved dressing up, our outdoor cinema has gone as far as having audiences on boats out on Zoo Lake," says Russell Grant, co-founder of The Bioscope.

#### *The threat of VOD (Video on demand)*

Streaming movies online may seem like a major threat to cinema, but neither Ster-Kinekor nor Nu Metro seem concerned by this growing trend. Matsau re-emphasises that content is not the only factor and that the premiumisation of the cinema experience gives it the edge over VOD.

Matai agrees. "We haven't seen a major impact from the development of this alternative channel of delivering film content. It frankly doesn't present a competitive factor to us – in the same way that TV and DVD didn't really dent cinema audiences significantly. The cinema experience brings you the latest content in an environment which is not replicable at home."

Grant, however, has a slightly different view. "The films currently on circuit are not films one can easily download or stream, so cinema still has a strong hold on the films people are desperate to see as they are released. But if you're willing to wait on a film, it's suffering at the hands of the internet." Grant's sentiments denote a somewhat international perspective, which is echoed by Vincent Maraval, who produced "The Wrestler" – which got actor Mickey Rourke an Oscar nomination. He argues that "we must not impose our way of watching films on the next generation" who often watch on tablets and smartphones.

#### *Looking at the numbers*

While Ster-Kinekor was reluctant to divulge or comment on trends in its attendance figures, Matsau revealed that in the 2016 calendar year, Ster-Kinekor's sales division, Cinemark, reported a 6% increase in revenue and signed on average four new advertisers every month. "This can be attributed to cinema's ability to continue to deliver a measurable and fully captive market, where high impact messages are served to our audience one at a time."

Nu Metro also had similar success with its advertising revenue through its sales agency popcorn Cinema Advertising. "We have seen a major increase in advertising revenue for on-screen advertising and in-cinema activation. This increase is partly due to the engaging nature of our various advertising platforms

and the audience numbers we have continued to hold. Advertisers can now also opt to have their advertising produced and converted to the revolutionary 4DX cinema format,” explains Matai.

Nu Metro also gave some indication of its attendance numbers, stating, “We can report that our results continue to be stable and are definitely in a positive bracket. Some cinema chains have seen a drop-in attendance during the past year, but due to the exclusive offerings we present our figures have been sustained positively.” The Bioscope has also seen constant audience attendance, but it does not offer advertising due to technical limitations. However, Grant says this is a positive as “you come for the movie and that is what you get”.

#### *The future*

There are still several challenges South African cinema has to overcome. Matsau approaches these with a positive attitude. “The state of cinema currently in South Africa is multifaceted. We believe that we need to come together as an industry to plot and embark on this journey. The sophistication of customers is a global trend, and we are extremely well placed as a country to deliver on this.”

Grant believes that, technically, South African movies are sound, but the content needs a bit of work. “I would personally like to see more attention going to developing the story and scripts of the films we are producing. The technical quality is there, we just need to make sure the story is all that it can be. But I’ve always felt that the real quality product will shine and be a success despite any adversity,” he says.

For Matai the main challenge is cinema’s reliance on global input. “We are operating with technology, equipment and content being supplied from foreign markets. The exchange rate is a major determining factor for our business – we strive to offer customers world-class services, but we also have to deal with the premium cost at which such experiences are produced.”

From an international competitive perspective, organisations like Netflix should be taken into consideration as they serve as a direct competitor. On the one hand are the traditionalists who want to preserve the “immersive experience” of seeing movies on the big screen and, on the other, are the young millennials who have enthusiastically embraced streaming. In line with protecting what he believes in, the head of the Cannes film festival jury, Pedro Almodovar, told reporters: “For as long as I live I will fight to safeguard the hypnotic power of the big screen on the viewer.”

Despite these challenges, cinema in South Africa currently has a positive outlook. The development of augmented reality and virtual reality will add another new technological dimension to cinema and the only question that movie-goers will be left with is what new exciting experience awaits them on their next trip to the movies.

It appears that even with the convenience of Netflix and other viewing subscriptions there is still hope for cinema. “Kids still love cinema.” This view was confirmed by two young American Netflix fans at Cannes, who told AFP that it hadn’t dimmed their love for the big screen.

For horror films in particular the cinema was infinitely superior, said Kelly Greer, a 24-year-old student from Nashville. “There are certain things you just do want to see in the theatre because it gives a better effect. You’re with a crowd of people and you want to respond in the same way.” Her friend Myah Lipscomb, 26, said, “I love Netflix. But I don’t go to the cinema less.” That said, if Netflix and its rival Amazon make more and more movies, she admitted she’d be increasingly tempted to stay at home.

“Netflix is getting criticised right now because we have never had this medium before,” she added. “But the movie theatre will forever be the first choice for films.”

*Sources: This case study was compiled using excerpts from themediaonline.co.za; maxi-pedia.com and www.businessinsider.com*

### QUESTION 3

Using the case Ster-Kinekor/Nu Metro case study, indicate whether Netflix uses a red or a blue ocean strategy, specifically in relation to the cinema experience. (10 marks)

### QUESTION 4

Identify the organisation’s external opportunities and threats

(10 marks)

**QUESTION 5**

Identify the organisation's internal strengths and weaknesses (10 marks)

**QUESTION 6**

Prepare a TOWS Matrix (10 marks)

**QUESTION 7**

Follow the steps on how to conduct a SPACE MATRIX. Use the information given in the case study as well as the information from the SWOT analysis to develop a SPACE Matrix for the South African cinema industry (Ster-Kinekor/ NuMetro). (15 marks)

**QUESTION 8**

Indicate the strategic position of Ster-Kinekor/NuMetro by drawing and plotting the relevant quadrant in the Grand Strategy Matrix. Once you have drawn and plotted the position. Indicate which position it is and highlight the best strategies for them to pursue. (10 marks)

**QUESTION 9**

Once you have completed all the steps above you would be in a position to choose several strategies.

9.1 What would you use to make the final decision? (2 marks)

9.2 What are the benefits linked to this tool? (3 marks)

**QUESTION 10**

Prepare a Balanced-Scorecard for Ster-Kinekor/Nu Metro. (10 marks)

**QUESTION 11**

The McKinsey 7S model involves seven interdependent factors. Discuss the model with practical examples of how you can use it to help Aspen identify what needs to be realigned to maintain performance during moments of change. (14 marks)

**QUESTION 12**

Use Porter's 5 Forces to do industry analysis for Ster-Kinekor/NuMetro. (6 marks)

**END OF ASSESSMENT**