



BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **MKT5104 STRATEGIC MARKETING & CORPORATE COMMUNICATION**
Trimester & Year : Sept – Dec 2019
Lecturer/Examiner : Dr Arumugam G Sithamparam
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (40 marks) : ONE case study with THREE questions. Answer ALL questions and to be written in the Answer Booklet provided.
PART B (60 marks) : THREE (3) questions. Answer ALL questions and to be written in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorised materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

Total Number of pages = 5 (Including the cover page)

SECTION A - CASE STUDY (40 marks)

A ride-hailing battle in South-East Asia

Go-Jek's first foreign forays aim to challenge Grab's dominance



Source : The Economist Sept 2018

THE rivalry may have started in the classroom. Anthony Tan and Hooi Ling Tan, unrelated founders of Grab, a Singapore-based ride-hailing platform, and Nadiem Makarim, founder of Go-Jek, an Indonesian scooter-ride start up, all graduated from Harvard Business School in the same year. They returned to South-East Asia with big plans to change local transport systems. Launched a little more than six years ago, Grab's jolly green-and-white logo appears on billboards and driver jackets across eight countries in the region. Go-Jek, founded eight years ago, only launched its first foreign operation, in Vietnam, this month; it will soon enter Thailand, the Philippines and Singapore.

The region's 634m people, often bereft of easy commuting choices, are a rich prize. The main option for those hailing a ride is Grab. Uber once battled it for customers but the American platform withdrew from South-East Asia in March (following heavy losses), selling its business to Grab for a 27.5% stake in the firm. That turned Grab from underdog to overlord. Drivers in Indonesia have rallied to accuse it of exploitation. Many riders grumble about high prices, poor service and technological weaknesses. On September 24th regulators in Singapore fined Grab S\$6.4m (\$4.7m) and Uber S\$6.6m for their merger, saying it harmed competition and led to increases in effective fares.

Hence Go-Jek's forays abroad. It is betting that people are ready to back a new regional upstart. "There is a craving for a second option," declares Andre Soelistyo, the firm's president. Go-Jek says it grabbed a tenth of the market in Ho Chi Minh City after only three days of operation.

When Uber fought Grab, the battle pitched a foreign titan against a local champion. This time both competitors possess extensive on-the-ground understanding of South-East Asian markets. They also have deep-pocketed backers from the technology industry. Grab, which is valued at around \$11bn, is one of Masayoshi Son's collection of ride-hailing firms: the boss of SoftBank. A Japanese telecoms giant, has invested not just in Grab and Uber, but also in China's Didi and India's Ola. Go-Jek has a broader array of supporters, including heavyweights such as Google, Tencent, a Chinese gaming giant, and JD.com, China's second-largest e-commerce platform. It is worth about \$5bn.

The epicentre of the struggle remains Indonesia. As the single largest market in the region, it is also the most important. "If you lose Indonesia, it's hard to win the rest," says one consultant who knows both firms. Grab claims to control 65% of the country's ride-hailing market. But the competition is so fierce that neither company turns a profit in the country from rides. Go-Jek's expansion plans may be an attempt to force Grab to throw money away in other South-East Asian markets too, reducing its ability to pour money into Indonesia.

As well as spending on promotions for drivers and customers, both firms are wooing customers with other services. Go-Jek's main strength is variety. Shortly after launching its ride-hailing services, it added food delivery. Now its platform offers 17 services—from purchasing cinema tickets to massages. "These models can turn very profitable very fast because the number of orders is in the millions per day," says one of its backers.

Grab is also keen to become a single "super app" with commercial, financial and logistical offerings. Its advantages are its size and reach. In the Philippines it controls 90% of the ride-hailing market; in Singapore its share is 80%. Customers around the region recognise the brand, as do regulators. "No other company has the footprint of licences that we have," says Ming Maa, the company's president. Grab is also battle-tested after its long clash with Uber.

A few speculate that the two firms' bosses might take the companies public sooner rather than later in a bid to line their war chests further as their rivalry deepens. One venture capitalist thinks another settlement in South-East Asia, like that between Uber and Grab, is the likelier scenario. "If it gets bloody, the loser will want to negotiate a peaceful outcome," he says. Until then, customers can enjoy being caught in the crossfire.

Table 1: INDONESIA Profile (December, 2018)

1	2	3	4	5	6	7
Population	GDP	Unemployment Rate	Consumer Price Index	Mobile-cellular telephone subscriptions /100 pop	Mobile-broadband subscriptions /100 pop.	Internet users % pop.
267,000,000 (53% are urban population)	5.2	5.3	3.4	173.8	95.7	25.5

Source: The Economist: 1-3. The Global Competitiveness Report 2018: 4-7.

Required:

1. Ride-hailing organisations thrive in the marketplace by fulfilling one or more needs of customers. Using the Maslow's Hierarchy of Needs model, examine the need (s) that is or are being satisfied by the ride-hailing business.
(5 marks)
2. Evaluate the following driving factors for Grab and Go-Jeck's foray in the South East Asian countries.
 - i) company (5 marks)
 - ii) customer (5 marks)
 - iii) competitive (5 marks)

(Total: 20 marks)
3. In your capacity as an appointed Consultant by the CEO of Go-Jek, defend a convincing argument on the market situation (10 marks) and marketing strategies (10 marks) that the CEO should consider to achieve a dominant position in the Indonesian market. Hint: Reference to Table 1 is important. (20 marks)

SECTION B (60 marks)

Required: Question 1

- a) For a new product to have high demand in the market, right pricing approach is the key. Propose your **TWO (2)** pricing approaches that can be used to achieve the goal (high demand). (5 marks)
 - b) Evaluate key issues that need to be considered when determining a pricing approach. (10 marks)
 - c) Examine **TWO (2)** modes of entries for organisations wishing to venture into international markets. (5 marks)
- (Total: 20 marks)

Required: Question 2

Harley-Davidson's vision statement is as follows: "*Harley-Davidson, Inc. is an action-oriented, international company, a leader in its commitment to continuously improve our mutually beneficial relationships with stakeholders (customers, suppliers, employees, shareholders, government, and society). Harley-Davidson believes the key to success is to balance stakeholders' interests through the empowerment of all employees to focus on value-added activities.*"

Harley-Davidson's mission statement is ***"We fulfil dreams through the experiences of motorcycling, by providing to motorcyclists and to the general public an expanding line of motorcycles and branded products and services in selected market segments."***

Source: David, Fred R (2011) Strategic management: concepts and cases 13th ed

- a) Analyze Harley Davidson's vision statement with respect to clarity (2.5 marks), conciseness (2.5 marks), motivating (2.5 marks) and futuristic (2.5 marks). **(10 marks)**
- b) Evaluate Harley Davidson's mission statement against the elements of good mission statement it fulfils. **(10 marks)**

(Total: 20 marks)

Required: Question 3

- a) Based on your readings, knowledge and exposure, conduct a SWOT analysis for an established firm like Air Asia. Provide your answers using specific examples. **(6 marks)**
- b) Using the concept of seven (7) Ps of service marketing, elaborate how Air Asia could apply it into its marketing strategy. **(14 marks)**

(Total: 20 marks)

- End of Questions -