

# WOMEN'S UNIVERSITY IN AFRICA



*Addressing gender disparity and fostering equity in University Education*

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**FACULTY OF MANAGEMENT AND ENTREPRENEURIAL SCIENCES**

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**BSc HONOURS DEGREE IN MANAGEMENT AND ENTREPRENEURIAL  
DEVELOPMENT STUDIES SPECIALISING IN MANAGEMENT & MARKETING**

**MAIN PAPER**

**MG314:            MARKETING STRATEGY**

**INTAKE 23:      FOURTH YEAR FIRST SEMESTER**

**DATE:**

**TIME:            2 HOURS**

**INSTRUCTIONS TO CANDIDATES**

Answer question **1** and any other two

## Question 1

### LEGO BUILDS A BRAND

Fifty years ago the children's toy market was invaded by a little plastic brick with eight studs on it. The studs enabled the bricks to stick together, and soon millions of children were playing with Lego the old wooden building bricks children had played with for centuries were doomed to remain at the bottom of the toy cupboard.

Lego has moved on from strength to strength-the Legoland theme park in Demark was followed by another in the UK, at Windsor to the west of London. Lego's brand was extending beyond its core business- and the man in charge of licensing the Lego brand, Karlcher, had even bigger ideas in store.

In 1999 Kalcher opened the first Lego store in Britain, at the Bluewater shopping complex in Kent, not far from the Channel Tunnel. Kalcher is a champion of innovative thinking in marketing, something which has led to his becoming a Fellow of the UK's Chartered Institute of Marketing. He is famous for saying 'There's no such thing as children. It doesn't mean anything.'

This statement sounds a little odd from a man whose company targets the 0-16 age group, but in fact what he says makes perfect sense. There is a vast difference between a three-year old and a twelve-year-old, and even between a three-year and a five-year-old. Kalcher says that there only consumers-each with a separate personality and separate needs.

Lego Licensing licences watches, clothing, the Lego Island CD-ROM, and of course the Legoland theme parks. The Lego group plans to become the leading brand among families and children, which means doing a lot more than moulding eight-stud plastic bricks. The Lego store is set to help in this bold ambition. The store is designed to be as user-friendly as possible for its diminutive customers-the store adheres to the 'Lego values' and these were referred to throughout the design and construction of the store.

Beginning with the store front, Lego decided that the company' heritage lay in design and construction- so the store front is designed around the colours and proportions of the Lego bricks.Lego is a toy, so the interior of the store is a high-touch environment-customers are actively encouraged to touch things and play with things, since Lego is also an educational, much of what happens in the store is also educational. For example, there is a 'rocket-race' game in which children have to memorise a number in order to make the rocket fly. Many of the displays are at children's eye level, so that children can use the store without adult intervention (until it comes time to pay, of course).

Finally, the Lego store has impressive, giant Lego models in the window area which, according to Lego's retail boss Paul Denham, creates the 'wow' factor. Kalcher believes that in creating the store he is setting a standard of innovation that retailers alone would be unable to aspire to.He believes it is up to the brand owners to invest time and trouble in extending the brand

into new areas such as retailing: traditional retailers are, in effect, unable to achieve these standards.

Not unnaturally, retailers in the area objected strongly to the establishment of the Lego store. As long-term Lego stockists they felt their loyalty had been betrayed, and they feared that Lego would also undercut them on price. In fact, these fears proved groundless: Kalcher explains why. 'The Lego store is essentially about creating a superior standard for our brand, in the eyes of the consumer. This will promote the esteem of our products for all retail customers' Kalcher could be confident in making this statement-sales were actually boosted in retailers near Lego's Minneapolis store, and near Windsor. And as regards price cutting, the Lego stores are stand-alone franchised outlets- they operate under the same constraints as any other retailers, so they have to show a profit, which means no price-cutting.

Lego has come a long way in 50 years, but they have a reputation for quality and for getting it right- so much that even before there was any hint of Lego opening a store at Blue water, the developers had used Legoland Winsor as a benchmark for designing the entire shopping centre. Lego now have 80 per cent of the world's construction toy market, and expect to build even further successes around the other elements of the brand.

**Source:** [www.lego.com](http://www.lego.com)

**Required:**

- a) Explain the market scope strategy that Lego is following [10]
- b) Examine the growth strategy that is available for Lego. [10]
- c) As market leader in construction toys, which defence strategy might be best for Lego? [20]

**Question 2**

A large Zimbabwean grocery retailer has announced it is entering into co-operating agreement with two other retailers based elsewhere in the SADC region. Explain the strategic rationale for building such an alliance. [20]

**Question 3**

Examine the criteria used for evaluating the market segment attractiveness for a company intending to launch a range of female clothes. [20]

**Question 4**

Explain the different forms of synergy. [20]

**Question 5**

'Marketing planning is generally straightforward exercise, the marketer's real problems are those of effective implementation.' Discuss. [20]

**Question 6**

Evaluate with an example from an industry of your choice the Ansoff Matrix as a strategic marketing planning tool in today's dynamic and highly competitive marketplace. [20]

**END**