UNIVERSITY OF KWAZULU-NATAL, PIETERMARITZBURG
SCHOOL OF MANAGEMENT, POSTGRADUATE PROGRAMMES
EXAMINATIONS: NOVEMBER 2008

COURSE: Post Graduate Diplomas in Management and Marketing Management
MODULE: Marketing Management C
CODE: MGNT614, MARK6LO

DURATION: THREE (3) HOURS AND 30 MINUTES READING TIME
TOTAL MARKS (200)

Internal Examiner: Prof D Vigar-Ellis

External Examiner: Ms J Eustace

NB:
STUDENTS ARE REQUESTED IN THEIR OWN INTEREST TO WRITE LEGIBLY AND IN INK.

INSTRUCTIONS:

1. ENSURE THAT YOUR STUDENT NUMBER APPEARS ON EACH ANSWER BOOK/SHEET IN THE SPACE PROVIDED

2. ALL EXAMINATION QUESTION PAPERS ARE TO BE HANDED IN WITH THE ANSWER BOOK(S)

3. THIS IS AN OPEN BOOK EXAM

4. AN ADDITIONAL HALF HOUR IS ALLOCATED FOR READING

5. ANSWER SECTIONS A AND B

THIS EXAMINATION PAPER CONSISTS OF 12 PAGES IN TOTAL (INCLUDING THIS COVER PAGE) AND A CASE STUDY OF 10 PAGES. PLEASE ENSURE THAT YOU HAVE ALL OF THEM.
Section A
This section is compulsory. Answer all questions.

Read the attached case: “Addo Elephant National Park”, and then answer the following questions:

Question 1
Conduct a SWOT analysis for Addo Elephant National Park.

Question 2
Evaluate Addo’s current marketing strategy.

Question 3
What recommendations would you make for Addo’s marketing strategy?

Section B
Answer two questions from this section.

Question 1
For an organization of your choice, describe the product/business portfolio. Then suggest ways that this organization could alter this portfolio to make it more balanced.

Question 2
Using the TMG industry, determine the most appropriate segments to target by setting up a multi-factor segment analysis grid. This should contain 3 factors per axis and indicate the scale used and the weighting per factor. The grid should be accompanied by detailed explanatory notes.

Question 3
Explain how an organization would prepare for the development of a position for a product or brand. What analyses would be required and how would the information be used. Use a specific organization to illustrate.
Addo Elephant National Park

OVERVIEW

Addo Elephant National Park is one of the greatest attractions South Africa has to offer. Approximately 122,000 people visit the park annually. Of these, 54% are international visitors who hail primarily from Germany, Holland and England. It has a number of unique features and aspects that make it attractive to local as well as international visitors, the most exciting feature being the upcoming incorporation of a marine area into the park. This incorporation will make the park a ‘Big 7’ destination with the whale and shark added to the original ‘Big 5’.

INTRODUCTION

Addo Elephant Park, one of South Africa’s national parks, lies deep within the Sundays River region of the Eastern Cape. Since its inception, the park has focused on saving the Eastern Cape elephants from extinction. It has succeeded and has grown the elephant population from a mere 11 to 420.

The emphasis at Addo is now one of conserving biodiversity. Addo operates under a new philosophy and is expanding rapidly on many fronts in order to offer visitors a complete wildlife experience.

ADDO’S MISSION STATEMENT

‘Conserve the faunal and floral assemblages and ecological processes that characterise the unique Eastern Cape region, and actively present this for appreciation by visitors.’
SOUTH AFRICAN NATIONAL PARKS

South African National Parks (SANParks) is one of the world's leading conservation bodies. SANParks' mandate is to expand South Africa's currently protected areas of 5.5% to 10%. They are also tasked with placing 20% of South Africa’s coastline under conservation. The expansion of Addo can be seen as the first major step in achieving this mammoth objective.

SANParks' mission

'To develop and manage a system of national parks that represents the biodiversity, landscapes and associated heritage assets of South Africa for the sustainable use and benefit of all.'

SANParks' vision

'National parks will be the pride and joy of all South Africans and of the world.'

HISTORY OF ADDO

In the 1700s, the area in which Addo is situated was teeming with an abundance of wildlife which included herds of elephants. However, hunting for ivory began shortly after this and by the 1900s only isolated herds remained. The last rhino and lion were killed in the Eastern Cape in the 1800s.

By 1920, only 16 elephants remained in the area. The others had been shot because they interfered with local farming activities. The Strathmore and Mentone Forest Reserve was developed for the remaining elephants. It became the Addo Elephant National Park in 1931.

EXPANSION AT ADDO

The park has expanded rapidly to its present size of 148 000 hectares (ha) which makes it the third largest national park in South Africa. It is expected to grow to 236 000 ha with an additional coastal protected area of 120 000 ha.
The park's specific expansion objectives are:

- Guarantee the long term conservation of the region's unique biodiversity, patterns and processes.
- Reduce critical threats facing the park.
- Efficient and effective management.
- Promote a sustainable and inclusive eco-tourism industry.
- Promote capacity building in neighbouring communities and institutions.

COMMUNITY LIAISON

An effective working relationship between the park and the local communities is of vital importance. Studies conducted have indicated that eco-tourism could generate up to four times the number of jobs than agriculture currently provides in the area.

A resettlement policy ensures that alternative accommodation is made available to locals who are displaced by the park's expansion, many of whom are employed by SANParks.

The Mayibuye Ndlou Development programme ('Mayibuye Ndlou' means 'let the elephant return' in Xhosa) had humble beginnings in the early 1990s when a Community Forum was formed as a result of conflicts between the park and the Nomathamsanqa community. This later developed into the Mayibuye Ndlou Arts and Craft Project with crafters selling their craft at the park entrance gate.
Eyethu Hop-On Guides

The Eyethu Hop-on Guides are a group of guides sourced from the communities adjacent to the park. They operate their own businesses within the park, providing guide services for visitors in the comfort of their own vehicles.

With the assistance of the Mayibuye Ndlovu Development Programme the Eyethu Hop-on Guides was established in 2000. The idea was generated at a community workshop and pursued by the park as one of the means of forming mutually beneficial relationships with neighbouring communities, as well as stimulating economic development in these communities.

The park has assisted the guides with ongoing training, as well as jointly funding their attendance of an intensive field guide course, along with the Eastern Cape Tourism Board and the Tourism Enterprise Programme.

The park promotes the business of the hop-on guides by compelling school groups, for whom entrance fees are waived, to hire a guide when visiting the park. The park also involves the hop-on guides in regular meetings for guides operating in the park, where updates and information are given. Over the years, a number of hop-on guides have managed to secure employment – some with private lodges and others with the park itself.
Pricing structure
SANParks has always applied a once off entrance fee for visitors, regardless of the duration of the stay, with no extra charge for vehicles. Essentially this means that a visitor who stays for one day pays the same as a visitor who stays for two weeks, even though the one visitor derives far more use from the park than the other. Daily and hourly fees are charged for the use of facilities such as sports grounds, theatres, cinema and parking lots therefore the same should apply to conservation parks.

Studies conducted in Africa revealed the following points:

- Prices charged by SANParks were not market related and appeared to be the lowest in Africa.
- Park fees were not being charged on a daily basis therefore visitors who stayed in the park for long periods of time, using the facilities, were doing so at no extra charge.
- There was no form of differentiation across the spectrum of national parks, as a result of trying to keep all parks accessible to all income groups in South Africa.

Due to these findings, the pricing policy was completely restructured in 2003 to reflect the following:

- The ‘conservation fee’ originally charged to enter the park was changed to an ‘admission fee’.
- A daily ‘conservation fee’ is charged to visitors who utilise the parks facilities, i.e. visitors who stay in the parks for one night pay this fee once, whereas visitors who stay in the parks for two nights pay this fee twice.
- SANParks gives local residents a concession on this daily rate as they are already contributing to the park funding in the form of the taxes they pay. This also encourages locals to visit the park and assists in boosting the local economy.
- For international guests, children under the age of 12 pay 50% of the conservation fee and those under the age of 2 do not pay at all.
- Park management is also allowed to exercise discretion when charging large tourist groups conservation fees.
- No further annual permits are to be issued.
Addo is one of the more expensive parks to visit. Its standard daily conservation fee is R80 for foreigners. Storms River’s fee is also R80 and the Kgalagadi and Kruger are the most expensive with their fee of R120.

The park’s conservation fee for locals is R20 per day (the same as the Storms River’s fee). Both Kgalagadi and Kruger charge a fee of R30 per day.

**Addo funding**

Effective conservation requires large amounts of financial resources. Installation and maintenance of facilities such as road networks, trails, picnic places, ablutions, viewing hides and water supply all add to the costs of effectively equipping national parks.

To date, approximately US$40 billion comprising government and private funds have been spent on the park. The World Bank’s Global Environment Facility committed investment to the project reaches close to US$36 million.

**Products and services mix**

Plans to expand the park into a 360 000 ha mega-park are moving forward at an exciting pace. This expansion is transforming Addo into the ultimate tourism destination.

Today, this finely tuned ecosystem is sanctuary to over 420 elephants, Cape buffalo, black rhino, a variety of antelope species, as well as the unique flightless dung beetle (found almost exclusively in Addo). For the first time in over 100 years, lion and spotted hyena were reintroduced to the park last year.

Some of Addo’s unique features include:

- Unrivalled natural diversity with five of South Africa’s seven major vegetation zones (biomes).
- The Big 7 (elephant, rhino, lion, buffalo, leopard, whales and the great white sharks) in their natural habitat.
- Rich heritage of archaeological and historical sites.
- A wide variety of accommodation and activity options.
The five biomes

The diversity which Addo offers to tourists is due to the different biomes which are encompassed in the park. A biome can be defined as a ‘naturally occurring community of flora and fauna which adapts to the particular conditions in which it occurs’. The occurrence of five biomes in a nature reserve is a true rarity but one that was carefully created through meticulous park planning. The five biomes are outlined briefly.

The Subtropical Thicket is the dominant biome. It covers 69% of Addo and supports 48 species of animals with its rich variety of 1 558 plant species – 20% of which cannot be found anywhere else in the world.

The Forest Biome, referred to as the Alexandria Forest, covers 10% of the park. The forest falls very high on the conservation list considering that there is less than 2 000 km² of indigenous forest left in South Africa. This biome also consists of the Alexandria ‘dunefields’ which is the largest and least degraded coastal sand dune in the southern hemisphere.

The third biome is the Nama-Karoo which constitutes 7% of Addo’s terrain. This area is the midpoint between the Cape flora in the south and the tropical savannah in the north. It supports a variety of rodents and reptiles.

The Fynbos flora (the fourth biome) makes up 5% of the park and is regarded as one of the most distinctive floras in the world. A total of 1 100 of the 8 578 species of fynbos can be found in the park.

The Grassland (the fifth biome) constitutes 5% of the park’s terrain and occupies 24% of South Africa’s surface area. It can be defined as those areas where grass dominates and other plants are rare.

Coastal offerings

Algoa Bay is in the process of being declared a marine protected area (MPA). It will include the Bird Island Group and the St Croix Island Group. Fifty different species of birds have been found on these islands which makes them very valuable in conservation terms. The Cape Gannet bird colony on Bird Island is considered to be the largest in the world and the African penguin colony at St Croix is estimated to be around 60 000 animals. The southern right whale and great white shark frequent this area and the highly endangered Humpback dolphin is also found in the vicinity.
Accommodation

Fifteen of South Africa’s national parks offer park-run accommodation and Addo is one of them. The Main Camp at Addo contains most of the facilities and costs from R 342 per day. The camp contains an upmarket curio and supplies shop, restaurant, swimming pool, bird-hide, waterhole viewing and picnic areas. A variety of accommodation is offered at this camp, ranging from the very basic form of camping to fully equipped lodges.

There are also privately owned camps offering accommodation within the park. These camps are incredibly luxurious and give tourists a host of accommodation options to choose from. There are currently three privately owned lodges in Addo and another two opening shortly.

There are also a host of privately owned guest houses surrounding Addo. Some of them offer excellent value for money for locals whereas others charge high rates for their luxurious surroundings and services, primarily targeting international visitors.

Activities in the park

Most visitors to the park are there to see the Addo elephants, a truly amazing sight. Elephants of all shapes, sizes and ages walk directly past you within touching distance or frolic with each other within metres of your vehicle. Besides the ‘do-it-yourself’ game viewing, Addo also offers guided game drives, a discovery trail, upmarket waterhole viewing spots, a bird-hide, hiking, horse and 4 x 4 trails.
Promotional activities

The WILD Card

At the same time that the new pricing structure was introduced, an innovative loyalty card system was developed, called the WILD card. This was a joint initiative between SANParks and Infinity, South Africa's premier Loyalty and Smart Card Management Company.

The card provides added value for local visitors by giving them free entry to national parks for a year and entitles them to cash back rewards when transacting with more than 2 000 Affinity partners countrywide. These cash back rewards can be used for holidays, accommodation, tours, attractions, airlines, car hire, shopping, leisure and entertainment.

The WILD Card programme is also available to the citizens of other South African Development Community (SADC) member states which constitutes Namibia, Botswana, Zimbabwe, Mozambique, Swaziland, Lesotho, Mauritius, Angola, Zambia, Democratic Republic of Congo, Seychelles, Tanzania and Malawi. The rationale behind this was to promote South Africa to become a popular tourist destination within the SADC.

A 'Wild in Africa Guide' is posted to each WILD Card holder explaining the way in which the card works. The 'Cash back' concept is genuine money which constitutes 5% of accommodation costs that are credited back to the card holder every time they make use of SANParks' accommodation.

Distribution

SANParks is made up of six regional park clusters which are scattered throughout South Africa:

- Kruger Park
- Arid Cluster – Augrabies Falls National Park, Kgalagadi Transfrontier Park, [Ai-] Ais/Richtersveld and Vaalbos National Park
- Cape Cluster – Bontebok National Park, Table Mountain National Park and West Coast National Park
- Frontier Cluster – Addo Elephant National Park, Karoo National Park, Tankwa Karoo National Park and Mountain Zebra Park
- Garden Route Cluster – Tsitsikamma National Park, Wilderness National Park and Knysna National Lake Area
Northern (Grassland and Savannah) Cluster – Golden Gate Highlands National Park, Mapungubwe National Park and Marakele National Park.

As indicated earlier, Addo is located near the Sundays River region in the Eastern Cape. Currently the park has only one entrance which leads directly into the main camp. However, rapid progress is being made in terms of another gate opening at the other end of the park near Colchester.

CONCLUSION

Addo appears to have more to offer tourists than any other game park in South Africa and perhaps in the world. The park has shifted from its original singular species focus to a multi-species focus. It is poised for massive growth and with strong management, as well as insightful marketing and financial strategies in place; it will most certainly achieve its objectives.