higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE EXAMINATION

MARKETING MANAGEMENT N5

22 JUNE 2015

This marking guideline consists of 7 pages.

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SECTION A

QUESTION 1

1.1 D
1.2 B
1.3 C
1.4 B
1.5 C
1.6 C
1.7 C
1.8 B
1.9 B
1.10 B
1.11 C
1.12 B
1.13 C
1.14 B
1.15 A

(15 × 2) **[30]**

QUESTION 2

2.1 F
2.2 A
2.3 I
2.4 G
2.5 J
2.6 M
2.7 E
2.8 H
2.9 C
2.10 K

(10 × 2) **[20]**

TOTAL SECTION A: 50

SECTION B

QUESTION 3

3.1
- To promote both brand names
- To Increase the market share of both

(Any applicable 2 × 2) (4)

3.2
- Product – Simba All Gold tomato sauce chips
- Price – 36 g bag = R4,99 and 125 g packets = R10,00
- Promotion – point of sale, sampling, television, in-store promotions
- Place – any retail store (4 × 2) (8)

3.3 3.3.1 Family brand (2)

3.3.2
- If the total product range is marketed under the same brand it is a family brand.
- Family brands can also be used for separate product lines.

Advantages:
- Costs to introduce and market new products are lower.
- The new product can benefit from the prestige of the existing products. (4 × 2) (8)

3.3.3
- Quality is virtually similar
- Same distribution channels are used
- Similar marketing communication methods are used
- Product range is narrowly related (4 × 2) (8)

3.4 3.4.1 Introductory phase (2)

3.4.2

- Consumer resistance

The biggest problem with new products in the market is the consumer's present buying habits and resistance to change.

- Production troubles, minor product modifications

Providing of necessary production capacities and technical input to develop the product on a large scale may develop problems. Technical mistakes can be prevented during this phase and therefore minor product modifications can still be done.

- Difficulties in physical distribution

Difficulties which can be encountered during distribution are initially small orders, the geographical spreading of retail outlets, container problems and stock shortages.

- Difficulties with shelf-space

As is the case with consumers, retailers resist new products because it means additional costs and the loss of sales in other products.

- Slow growth in sales

Because of the abovementioned factors there may be a slow growth of general sales.

- Minor direct resistance

A business with a new product obviously has no or very few competitors.

- High production costs and limited number of models

Due to the uncertainty of potential success the product is only manufactured on a small scale.

- High marketing expenses

Few or no consumers are familiar with the product because it is new on the market. Aggressive marketing should now be done to make the consumers aware of the product and create consumer demand for the product.

- Lack of profit

Due to low turnover in sales, high production costs, marketing costs and other hidden costs the profit during this phase will be relatively low. (9 × 2) (18)

[50]

QUESTION 4

4.1 4.1.1 Advertising (2)

4.1.2
- Mass communication paid for by an identifiable sponsor
- Non-personal
- One-way communication flow (3 × 2) (6)

4.2 Pull strategy
World Gym is targeting the consumers directly through this type of advertising (2 × 2) (4)

4.3 4.3.1 World Gym

4.3.2 Splash into summer savings

4.3.3 Mass medium (3 × 2) (6)

4.4 4.4.1 Attention
Interest
Desire
Action (4 × 1) (4)

4.4.2 A – splash into summer savings
I – any of the courses the gym offers
D – 1 free yoga glass OR 1 free 7 day pass
A – www.worldgymarkansas.com (4 × 2) (8)

4.5
- Percentage of sales method

A shortcoming of this method is determining/calculating the actual percentage of sales which can be used.

- Units sold method

A certain amount is added to the cost of the product to cover advertising. OR
The total advertising amount is determined by the total number of units which have been sold.

- Follow-up-of-competitors method

Spending the same or a higher percentage on advertising than the competitors, if their information is available.

- What-is-affordable method

What can the company afford to spent on advertising OR
The advertising amount is expressed as a certain percentage of the net profit.

- Task method

The advertising objectives must be reached for the calculation of the total advertising amount to be done. (5 × 2) (10)

4.6 • Cost-plus method (mark-up)
It is the most popular method used by wholesalers and retailers to determine the selling price.

• Marginal analysis method
This method is mainly used to determine the cost of a product unit.

• Break-even analysis method
This method determines what sales volume must be reaches before the company breaks even and neither a profit nor a loss is made.

• Variable cost per product
This method uses variable costs per unit as a basis for pricing.

• Business profitability method
This method uses the capital needed as well as the running profit of the company. (5 × 2) (10)
[50]

QUESTION 5

5.1
- Apple watch
- Apple iPad
- Apple Mac
- Apple software (Any applicable 4 × 2) (8)

5.2
- Selective distribution
- Mainly used for shopping products
- Sometimes used for speciality goods
- Choice made between different possible middlemen
- Few retail points per geographical area
- Fewer middlemen used (6 × 2) (12)

5.3
- Products presented at an high price
- High prices create part of the market who is willing to pay
- Result of this strategy is to generate maximum profits
- Short-term strategy

Strategy mainly used in situations such as where:
- The consumer knows very little of the product.
- The company is the business leader in the industry.
- The product is new and the only one of its kind.
- Rapid recovery of the investment is needed (8 × 1) (8)

5.4
1 Organisation
2 Development of ideas
3 Screening of ideas
4 Product concept development
5 Rentability analysis
6 Physical development
7 Test marketing
8 Commercialisation (8 × 1) (8)

5.5

Standardisation	Simplification
• Involves product lines and items. • Producer decides on the features of the product himself/herself.	• Involves products of a certain industry. • Different manufacturers decide together concerning the proposed products that has to be manufactured.

(4 × 2) (8)

5.6
- The target market has to be served
- The choice between an existing storage facility and developing your own storage facility
- The location of the warehouse
- Centralisation or decentralisation
- The number of warehouses requested
- The availability of transportation facilities
- Possible expansion of warehouse facilities
- The availability of labour (Any 6 × 1) (6)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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