higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE EXAMINATION

MARKETING MANAGEMENT N5

28 MAY 2013

This marking guideline consists of 7 pages.

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SECTION A

QUESTION 1

1.1 D

1.2 D

1.3 B

1.4 C

1.5 B

1.6 B

1.7 D

1.8 D

1.9 D

1.10 D

1.11 D

1.12 B

1.13 C

1.14 D

1.15 D (15 × 2) **[30]**

QUESTION 2

2.1 True

2.2 False

2.3 True

2.4 True

2.5 False

2.6 True

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2.7 False

2.8 True

2.9 True

2.10 True (10 × 2) **[20]**

TOTAL SECTION A: 50

SECTION B

QUESTION 3

3.1 CLOVER (1 × 2) (2)

3.2 To identify the company more closely with its best-known brand and the wholesome country products it processes and distributes (1 × 2) (2)

3.3 Milk, cheese, yoghurt, etc. (2 × 2) (4)

3.4 Best tasting dairy (1 × 2) (2)

3.5 Parmalat, Hygienic, etc (1 × 2) (2)

3.6
- Determine the target market
- Determine buying habits
- Determine geographical distribution
- Formulate channel objectives
- Evaluate channel alternatives
- Choose channel members
- Persuasion of channel members
- Evaluation

(8 × 2) (16)

3.7
- Establishment of a new company
- Special task forces
- New-products departments
- New-products committee
- Product managers

(5 × 2) (10)

3.8 3.8.1 Bait/lure - a trader asks very low prices for his products

3.8.2 Leader - trader advertises and markets products at a price lower than the usual profit margins and sometimes lower than cost price

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3.8.3 Unit price - asks the same price from consumers which purchase the same quantity of products under the same circumstances

3.8.4 Adjustable price - the buying power and the ability of the consumer to negotiate are taken into consideration when the price of the product is determined. (4 × 3) (12)
[50]

QUESTION 4

4.1 4.1.1 Specialisation - is the elimination of product items, product lines or product ranges in order to narrow the product mix (1 × 3) (3)

4.1.2 Diversification - is the expansion of the product mix by adding additional product lines and product items to the product range (1 × 3) (3)

4.2
- Technical research, engineering and technical testing
- Working prototype must be built
- Dimensional and qualitative standardization
- Patents must be registered
- Guarantees and after-sales service
- Evaluation by SABS
- Brand name and trademark
- Packaging
- Technical tests: Physical features
- Testing of consumer preference (Any 7 × 2) (14)

4.3
- Providing point-of-sales advertising for intermediaries
- Helping the planning of activities that intermediaries undertake
- Management assistance
- Giving training on conflict-handling to personnel
- Eliminate intermediaries refusing to co-operate
- Use service representatives to identify problems
- Organising competitions for intermediaries
- Free samples can be presented to intermediaries (Any 5 × 2) (10)

4.4
- Analyse the factors which influence pricing
- Formulate the price objective
- Determine the basic price
- Price adjustment
- Final price (5 × 2) (10)

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4.5
- Serves as a warning against repeat purchases
- Consumer has greater freedom of choice
- It can speed up the purchase process
- Parts are easier obtainable
- It contains a measure of security
- Ensures the consumer of a consequent quality standard
- Helps in the distinction/identification of the product
- Competition and continuous product differentiation leads to improved products (Any 5 × 2) (10)

[50]

QUESTION 5

5.1 Elasticity of demand - is the consumer's responsiveness or sensitivity to changes in price (i.e. the degree to which quantity demanded fluctuates with changes in price) (1 × 2) (2)

5.2
- Target market that has to be served
- Location of the warehouse
- Number of warehouses requested
- Availability of labour
- Availability of transportation facilities
- Centralisation or decentralization
- Possible expansion of warehouse facilities
- Taxes, purchase patterns and many others
- Choice between existing storage facilities (Any 6 × 2) (12)

5.3 5.3.1 Brand or trademark, informative and grading labels (2 × 2) (4)

5.3.2
- Presenting beneficial description of the product to the client
- Product is easily recognized
- Presents the price of an article
- Helps the consumer to satisfy his need
- Can be used to expand sales line
- Increases the psychological satisfaction of the consumer
- Can be used to present the brand (5 × 2) (10)

5.4
- Enter the market with low price
- Aim is to reach the mass market
- By selling in large quantities (large volumes)
- Discourage competitors with low margins
- Require long-time planning
- This strategy can only be applied by businesses that have enough capital (i.e. for financially strong organization)
- Where a great degree of potential competition is present
- When demand is relatively elastic
- When a market is not prepared/willing to pay high prices
- Only if the business is capable of supplying in the demand of the product
- When savings in production cost are possible through larger production
- When the allowed price will keep competition out of the market (Any 7 × 2) (14)

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5.5 - Analyse the present situation (situation analysis) and choice of the target audience
- Determine the advertising objectives
- Compile the advertising budget
- Select the advertising media
- Create the advertising message
- Pre-test the advertising campaign
- Launch the advertising campaign
- Co-ordinate the advertising campaign
- Revise the advertising campaign (Any 8 × 1) (8)
[50]

QUESTION 6

6.1 6.1.1 Break-even analysis – it is total costs equal total revenue and no profits are earned.

6.1.2 Cost-plus – is the cost of buying the product from the producer plus amounts for profit and for expenses not otherwise accounted for. (2 × 2) (4)

6.2 - Perishable products – short channel/direct distribution
- Standardised products – long channel/indirect distribution
- Complicated technological products – short channel
- Industrial products – short channel
- Goods with a high unit value – short channel and more expensive
- Convenience and shopping goods – long channel (Any 5 × 2) (10)

6.3 - Descriptive cash slip
- Competitive prices
- Price comparison
- Shopping list
- Fewer sorry-no-stock situations
- Faster service at the cash register
- Accurate price determination
- Eliminating of product items without prices (Any 6 × 2) (12)

6.4 - Inform
- Remind
- Persuade / convince (3 × 2) (6)

6.5 - Organization for product development
- Development of ideas
- Screening ideas
- Product concept development
- Profitability analysis
- Physical product development
- Test marketing
- Commercialisation (8 × 1) (8)

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6.6
- should be easily pronounced
- should be versatile
- should be original and distinguishable
- should point to a high quality
- should create a unique image of exclusivity
- should say something about the product
- should be legally protected (5 × 2) (10)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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