higher education & training

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NATIONAL CERTIFICATE

MARKETING MANAGEMENT N6

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This question paper consists of 11 pages.

GENERAL STUDIES

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
MARKETING MANAGEMENT N6
TIME: 3 HOURS
MARKS: 200

NOTE: If you answer more than the required number of questions, only the required number of questions will be marked. All work you do not want to be marked must be clearly crossed out.

INSTRUCTIONS AND INFORMATION

1. SECTION A is COMPULSORY.
2. Answer any THREE questions in SECTION B.
3. Start each question on a NEW page.
4. Read ALL the questions carefully.
5. Number the answers according to the numbering system used in this question paper.
6. Write neatly and legibly.

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SECTION A (COMPULSORY)

QUESTION 1

CASE STUDY: SA'S FAMOUS BRANDS MOVES INTO INDIA

Read the case study below and answer the questions.

South African food service group Famous Brands has plans to expand into India through the launch of five pilot Debonair restaurants in Mumbai in July with Diwa Hospitality as its master licence partner to manage and grow the business.

'Entering the market is as much about our partners as it is about the market,' Famous Brands chief operating officer Darren Hele said in a statement last week. 'They will give us a local knowledge advantage which is critical to the sustainability of this venture.'

In line with this, Debonair have been re-engineered to fit the Indian market. 'Our Debonair Pizza offering in Mumbai is all about a customised menu with a strong vegetarian bias; local flavour profiles developed in conjunction with our partners and innovative product offerings designed to support the cost-conscious grab-and-go Mumbai consumer,' Hele said.

Famous Brands received investment enquiries from several emerging markets but selected India to expand into for a number of reasons, according to Hele. 'There are very strong factors driving growth in the food services in India, including a general increase in disposable income, intensified urbanisation and the exponential growth in the population segment likely to consume processed food – the 5 to 35 year age group – which is projected to grow to 51% of the total population by 2020.

Pizza also accounts for the biggest share of the quick-service restaurant market, which is expected to grow at a faster rate than the Chinese market, from $15-billion in 2011 to $50-billion in 2020.

'We made a deal in 2012 to tie up with a restaurant operator who had an understanding of the huge potential of the Indian restaurant market – a partner who recognises that India is unlike any other market in Pacific Asia or the United Arab Emirates,' said Diwa Hospitality's director, Yogesh Parekh. 'Famous Brands shares our optimism for the growth potential in this market, and our local knowledge and insight together with the meticulous Debonairs Pizza offering ensures the brand has every opportunity to become a household name.'

SAinfo Reporter 18 March 2013

[Source: http://www.southafrica.info/business/trends/global/debonairs-india180313.htm#ixzz2OdId6E22]

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1.1 'South African food service group Famous Brands has plans to expand into India ...'

List FIVE incentives that the Indian government may use to encourage Famous Brands to invest in their country. (5)

1.2 Give TWO reasons why Debonair is focusing on the 5–35 year old segment. (4)

1.3 People are educated in the culture in which they live.

1.3.1 Explain how education as an element of culture may influence the marketing of pizza in India. (4 × 2) (8)

1.3.2 List FOUR other elements of culture that Debonair may have to deal with in India. (4)

1.4 Famous Brands has 'Diwa Hospitality as its master licence partner to manage and grow business in India.'

1.4.1 Name and explain the entry strategy that Famous Brands is using to enter the Indian market. (3)

1.4.2 Name and explain TWO other entry methods that Famous Brands may use to enter India. (2 × 3) (6)

1.5 Famous Brands plans to expand into India and is optimistic about the growth potential in this market.

1.5.1 Name and explain the growth strategy that Famous Brands is using. (3)

1.5.2 Name and explain THREE other growth strategies that Famous Brands may consider. (3 × 3) (9)

1.6 While Famous Brands plans to expand into India and is optimistic about the growth potential of the Indian market, the risks involved may be high.

State FOUR risks that Famous Brands may have to face when going to India. (4 × 2) (8)

[50]

TOTAL SECTION A: 50

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SECTION B

Answer any THREE questions in this section.

QUESTION 2

2.1 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false' next to the question number (2.1.1–2.1.10) in the ANSWER BOOK.

2.1.1 The types of buying situation are one of the steps in the industrial buying decision process.

2.1.2 In industrial marketing, one of the factors affecting the purchasing behaviour of industrial buyers is interpersonal factors.

2.1.3 In the classification of business/industrial products, installations do not have a significant influence on the scale of operations and include readily movable items such as welders, drills, etc.

2.1.4 Industrial markets are firms that buy goods and services to make other goods and services, to resell to other business users or to consumers or to conduct the firms operations.

2.1.5 Sampling is one of the industrial buying situations.

2.1.6 Business buyers have more personal contact with suppliers, buy infrequently but in large quantities, and tend to be objective, well trained and professional in buying.

2.1.7 Generally, in the industrial market, there is a much greater emphasis on personal selling.

2.1.8 Price is the most decisive factor in the purchase of industrial products.

2.1.9 Industrial markets are usually dispersed all over South Africa.

2.1.10 Famous Brands is an example of an industrial business.

(10 × 1) (10)

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2.2 Study the matrix below and then answer the questions.

GE/McKinsey Matrix

Industry Attractiveness	Business Strength: High	Business Strength: Medium	Business Strength: Low
High	2	1	9
Medium	3	8	4
Low	7	6	5

2.2.1 Explain blocks 1, 2 & 3 (4)

2.2.2 Explain blocks 4, 5 & 6 (4)

2.2.3 Explain blocks 7, 8 & 9 (4)

2.2.4 List any SIX variables that belong to the market/industry attractiveness dimension. (6)

2.2.5 List any SIX variables that belong to the business/enterprise strength dimension. (6)

2.2.6 Briefly explain the following strategies:

A Invest to hold
B Selective investment

(2 × 3) (6)

2.3 Show how a service company of your choice, e.g. a law firm, can use the sales promotion methods below to attract clients to their business. Name the service company of your choice at the beginning of your answer.

2.3.1 Free samples/Visits/Consultations

2.3.2 Money-off price incentives

2.3.3 Coupons/Vouchers

2.3.4 Free gifts

2.3.5 Competitions

(5 × 2) (10)
[50]

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QUESTION 3

The Brookes Company under the leadership of Charles Brookes produced and marketed the first orange squash in the late 1930's and named the product Oros which stands for 'original orange squash'.

3.1 You have been given the task of monitoring changes in the industrial marketing environment of OROS.

Discuss SIX variables in the external environment that may have an influence on the purchasing behaviour of industrial buyers who may purchase Oros products. (18)

3.2 If you were the marketing director of The Brookes Company, which FOUR management tasks would you have to perform? (4)

3.3 In The Brookes Company the major source of differentiation over the years has been the introduction of various packaging sizes. The original glass bottle contained between 750 and 1000 ml. The true 750 ml bottle was later introduced, followed by the 1 litre, 2 litre, 2.5 litre and 5 litre bottles.

3.3.1 What type of differentiation is mentioned above? (2)

3.3.2 Name SIX other differentiation methods that Oros may use. (6)

3.3.3 Use the six strategies that you mentioned in QUESTION 3.3.2 to show how The Brookes Company can differentiate its products from other competing products. (6 × 2) (12)

3.4 The Brookes Company may decide to export its products to countries in Europe, South America, Asia, Australia and the Middle East. The company will therefore have to decide whether to use direct or indirect exporting.

3.4.1 Differentiate between *direct exporting* and *indirect exporting*. (4)

3.4.2 Give ONE advantage of direct exporting. (2)

3.4.3 Give ONE advantage of indirect exporting. (2)
[50]

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QUESTION 4

4.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (4.1.1–4.1.10) in the ANSWER BOOK.

4.1.1 Which function is responsible for the development and planning of all processes that relate to the manufacturing of products?

A Sales function
B Purchasing function
C Marketing function
D Production function

4.1.2 The task of marketing management that is essential to marketing productivity and its purpose to align actual performance with marketing plans as set out during the planning process, is:

A Planning
B Implementation
C Organising
D Control

4.1.3 This organisational structure is the simplest structure that exists and is found in large companies with varied product lines and/or markets.

A Structure according to product
B Functional organisational structure
C Structure according to customer
D Structure according to geographical area

4.1.4 This structure ensures better coverage of the entire market.

A Structure according to product
B Functional organisational structure
C Structure according to customer
D Structure according to geographical area

4.1.5 Which one can be classified in the decline phase of the product lifecycle?

A Stars
B Problem children
C Cash cows
D Dogs

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4.1.6 Which strategy implies that the enterprise will supply the product or service more cost-effectively than competitors?

A Sales management
B Low-cost strategy
C Differentiation
D Focus strategy

4.1.7 Which growth can be achieved by making small changes and improvements to existing products?

A Growth in existing markets
B Growth through product development
C Diversification
D Growth through expansion in the market

4.1.8 This is the second step of the marketing control process.

A Observation of actual marketing performance
B Evaluation of deviations
C Quantitative analysis
D Corrective action

4.1.9 This marketing control method entails a careful and comprehensive investigation into the composition of the enterprise's sales as they appear in the income statement.

A Consumer surveys
B Marketing cost analysis
C Qualitative observation
D Sales analysis

4.1.10 The last step of the marketing management tasks is …

A control
B corrective action
C coordination
D performance review

(10 × 2) (20)

4.2 Since service offerings are often intangible, many service companies rely on branding to market their businesses.

4.2.1 Explain the importance of using branding in service businesses. (2)

4.2.2 Explain by means of examples, the tactics and/or strategies that service companies can use to create an effective and useful brand.

(3 × 2) (6)

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4.3 When initially screening potential foreign markets, the objective is to isolate the best potential markets for further study.

Give the description of the following steps in the international marketing screening process:

4.3.1 Step 1

4.3.2 Step 2

4.3.3 Step 7

4.3.4 Step 8

(4 × 2) (8)

4.4 Give FIVE advantages of a structure according to geographical area. (5 × 2) (10)

4.5 Name TWO characteristics of business demand. (2)

4.6 Name TWO bases that may be used to segment the service market. (2)
[50]

QUESTION 5

5.1 The Brookes Company is a producer of fruit juice.

Explain how the company can use the following methods of industrial buying to buy oranges from a nearby farm:

5.1.1 Description

5.1.2 Inspection

5.1.3 Sampling

5.1.4 Negotiation

(4 × 2) (8)

5.2 Supplier search is the fourth step of the industrial buying process. During this step the buyer tries to identify the most appropriate suppliers.

State FOUR ways how the buyer could do this. (4)

5.3 Draft a brief promotional strategy for service marketing using any service business of your choice (e.g. a hair salon, an internet café, an airline service, a private hospital, etc.).

NOTE: Make sure that you name all promotional elements and every service business you chose. (16)

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5.4 Provide any SEVEN categories into which services can be classified. (14)

5.5 One of the special characteristics of industrial markets is that there are relatively few industrial customers, that they are large in size and geographically concentrated.

Briefly discuss any FOUR more characteristics of industrial markets. (8)
[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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