higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

MARKETING MANAGEMENT N6

7 JUNE 2019

This marking guideline consists of 9 pages.

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QUESTION 1

1.1
- King Shaka International Airport
- Cape Town International Airport
- OR Tambo International Airport (3 × 2) (6)

1.2
- Mango Airlines
- Kulula Airlines
- FlySafair Airlines (3 × 2) (6)

1.3 Domestic commercial flights, mainly those bound for Cape Town or Durban but also George. (2 × 2) (4)

1.4 Transportation service (2)

1.5
- Housing (include rental of hotel, motel, houses and farms)
- Household operation (includes house repair, repair of household equipment, landscaping and house cleaning)
- Recreation and entertainment (rental and repair of equipment used to participate in recreation and entertainment, admission to all entertainment events)
- Personal care (laundry, dry cleaning, beauty care)
- Medical and other health care (dental, nursing, hospitalisation, optometry and other health care)
- Private education, Boston College
- Business and other professional services (legal, accounting, management consulting and computer services)
- Insurance, banking and other financial services (insurances, credit and loan services, investment counselling and tax services)
- Transportation (freight and passenger services, car repairs and rental)
- Communication (include social media, cell phone network companies and business communication services) (Any other appropriate answer) (5 × 2) (10)

1.6
1.6.1 Free for first time passengers on their flights

1.6.2 50% ticket discount in January to February

1.6.3 Free coupon given to first-time user

1.6.4 Free gift given to clients attending presentation

1.6.5 Every passenger who uses Mango services will automatically be entered into competition where one has the opportunity to win a car in a monthly draw

(5 × 2) (10)

1.7
- Differentiation by service quality: the politeness, helpfulness and friendliness of personnel from service company are used to measure service quality.
- Differentiation by unique service characteristics that make the service just a little better or different: initially create competitive advantage, but it is difficult to maintain a long term advantage in this way.
- Differentiation by means of brand: a brand creates personality, image and add symbolic value to a service.
- Differentiation by distribution: new and unusual distribution channels not only create new market possibilities but can also serve to differentiate products.
- Differentiation by marketing communication: promotional methods and messages are ideal ways of differentiating service from that of competitors.
- Price differentiation: services can differentiate by unusually high or low prices. A high price is associated with quality, whereas a low price can easily create a cheap image.
- Differentiation based on consumer orientation: an enterprise that intentionally strives to meet customer needs, demands and preferences has already laid the basis for a strong and sustainable advantage.

(Any 4 × 3) (12)
[50]

TOTAL SECTION A: 50

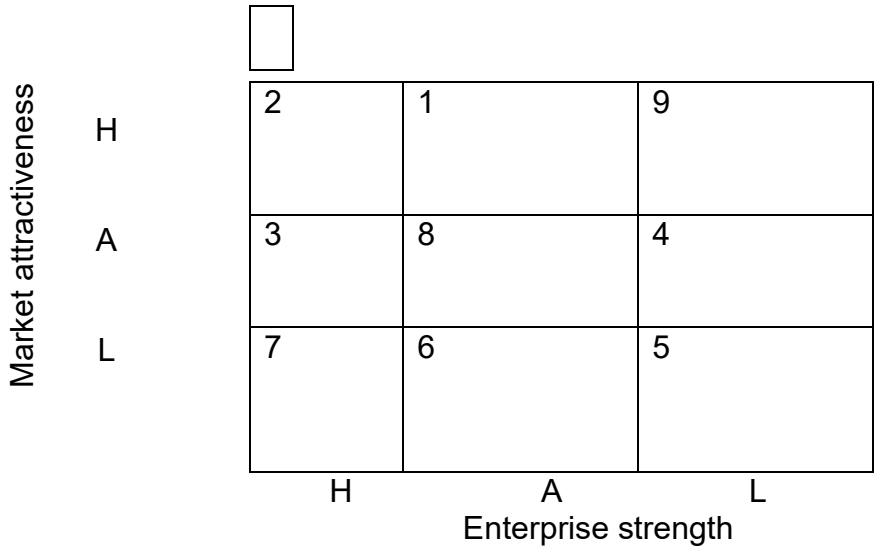
SECTION B

Answer only THREE questions from this section.

QUESTION 2

2.1
- Reliability: is the ability to perform the service dependably, accurately and consistently. Reliability is performing the service right the first time.
- Responsiveness: is the ability to provide prompt service.
- Assurance: the knowledge and courtesy of employees and the ability to convey trust. Skilled employees who treat customers with respect and make customers feel they can trust the firm exemplify assurance.
- Empathy: caring, individualised attention to customers. Firm whose employees recognise customers, call them by name and learn their customers' specific requirements are providing empathy.
- Tangibles: the physical evidence of service, include physical facilities, tools, and equipment used to provide service. (5 × 3) (15)

2.2 2.2.1



(10)

2.2.2 Enterprise strength variables:

- Market share
- Profitability
- Technology
- Product quality
- Resources
- Knowledge of the market (Any 5 × 1) (5)

Market attractiveness variables:

- Market segment
- Market growth rate
- Technological changes
- Socio-cultural changes
- Action by authorities
- Economic conditions
- Competitors
- Profit margins (Any 5 × 1) (5)

2.2.3

- Invest to penetrate the company: must invest in all costs to improve the position of the company.
- Invest to rebuild the company: must try to regain a position previously held.
- Selective investment: the company must try to strengthen its position in some markets by weakening its strength in other markets.
- Harvest investments (low investment) must be cut to minimum.
- Divest, liquidate or sell the business. (5 × 3) (15)

[50]

QUESTION 3

3.1 Growth in existing market (market penetration)

- Current product/current market
- Growth can be achieved by encouraging existing users of a product to use more or buy more of existing product. Reminder advertising, a special discount, two-for-the-price-of-one promotion, giant size packaging (2 × 2)

Growth through product development

- New product/current market
- Growth can be achieved by making small changes and improvements to existing product
- Elida Ponds, manufacturer of Vaseline petroleum jelly, introduced camphor cream, a new product aimed at existing loyal Vaseline petroleum jelly users, in 1994. (Any 2 × 2)

Growth through market development

- Current product/new market
- Geographic and even international expansion is a growth possibility that can make a very big demand on an enterprise in terms of resources and expertise (2 × 2)

Integration

- Vertical integration: manufacturer creates and buys its own retail outlet
- Backwards integration: retailer buys or creates its own manufacturer (2 × 2) (16)

3.2

- Problem recognition
- General need description
- Product specification
- Supplier search
- Proposal solicitation
- Supplier selection
- Order routine specification
- Performance review (8 × 2) (16)

3.3 3.3.1

- Straight extension means introducing the product in the foreign market without change.
- Product adaptation involves altering the product to meet foreign conditions or preferences.
- Product invention consists of creating something completely new. (3 × 2) (6)

3.3.2

- Setting uniform price everywhere
- Setting market-based price in each country
- Setting a cost-based price in each country (3 × 2) (6)

3.3.3
- The company can use one message everywhere, only varying the language, name and colours.
- The use of media also requires international adaptation, because media availability varies from country to country.
- Some companies encourage the use of foreign advertising agencies or allow their own advertising departments to adapt the theme to each local market. (3 × 2) (6)

[50]

QUESTION 4

4.1 4.1.1 This buying method, signified by the specification and grade, colour, size and weight, is used to describe or grade the product. The organisational buyer purchases the product by simply describing the product by its attributes and characteristics.

4.1.2 Inspection: certain products must be inspected before they are bought. These products are expensive in nature. The company can inspect flights before buying them.

4.1.3 Sampling: this method is based on taking a sample from a homogenous group of products and then, by studying the product, the business buyer bases his decision on the sample. It is expected that the sample represents the characteristics of the total homogenous group.

4.1.4 Negotiation: here the buyer negotiates with the seller. In many cases, the seller and the buyer negotiate a base price from which they operate, and by adding additional costs and fees for additional attributes, the final price can be determined.

(4 × 4) (16)

4.2 4.2.1 Diversification involves the development or acquisition of products and services new to the enterprise and the introduction of these products to markets not previously served by the enterprise. (2)

4.2.2 Unrelated diversification: Mango Airways is in the transportation service, and funeral services are in finance. (4)

4.2.3
- Planning
- Organising
- Leading
- Control
- Co-ordinating (Any 4 × 2) (8)

4.3
- Extended product life cycle
- Risk reduction
- Access to foreign finance
- Economies of scale
- Lower unit cost
- Reduction in fluctuation of seasonal sales
- Higher profit
- Higher product quality and improved efficiency (Any 6 × 2) (12)

4.4
- Revenue-orientated pricing
- Operation-orientated pricing
- Patronage-orientated pricing
- Cost plus pricing
- Differential pricing by means of discounts (Any 4 × 2) (8)

[50]

QUESTION 5

5.1 5.1.1 Producer buys products for direct or indirect use in the production of goods and services to satisfy consumer needs; the demand for industrial products derives from demands of consumer products.

5.1.2 Elasticity of demand for many business-to-business products means that price increase or decrease will not significantly alter the demand for product. When sizable price for components represents a large proportion of the product's cost, then the demand may became more elastic.

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

5.1.4 The market for industrial goods consists of a relatively small number of buyers, but orders by business buyers are larger than individual consumer sales. More than 80% of South African industries are concentrated in FOUR areas, namely Gauteng, Durban-Pinetown, Port Elizabeth-Uitenhage and Cape Peninsula.
(4 × 2) (8)

5.2 5.2.1 Licensing is the legal process whereby a licensor agree to let another firm use its manufacturing process, trademarks, patents, trade secrets, or another proprietary knowledge. The licensee in turn agrees to pay the licensor a royalty fee. (4)

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5.2.2
- Gain entry into foreign market at little risk
- Few financial risks/little financial outlays
- Easy access to market with restrictions
- Reciprocal licencing agreements may allow a licensor to gain from the research activities of the foreign country
- No risk of having asset nationalised
- Local clients, distribution networks and marketing organisations are gained with the licensing agreement (Any 4 × 2) (8)

5.3 5.3.1 Buying situation factors are new tasks, modified rebuy and straight rebuy.

5.3.2 Amongst the most important variables to be used is degree of centralisation/decentralisation of the purchasing function.

5.3.3 Companies can also be classified according to their operational characteristics, such as technology, user types, or frequency with which they require delivery.

5.3.4 Major divisions into which these can be segmented are government market, producer market, reseller market and the institutional market.

5.3.5 Any demographic dimensions such as company size (as reflected in the sales volume, number of employees, or other criteria), geographical area, number of outlets or scope of operation can be used to determine the size of the customer.

(5 × 2) (10)

5.4
- Company can keep abreast of change
- Determine which factors in the environment pose opportunity or threats
- Enterprises that scan the environment are more successful than those that do not
- Review the organisational mission, objectives, skills and resources which are available in the organisation
- Review consumer segments, their needs and preferences (5 × 2) (10)

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5.5
- Intangibility means service cannot be seen, touched or smelled.
- Inseparability means the production of service cannot be separated from consumption of the service. Production and consumption occur simultaneously.
- Heterogeneous quality means the same service can be highly variable in quality, depending on not only who is providing the service but also on when it is being provided.
- Perishability and fluctuating demand: Unused service of one period cannot be stored for use in future period – this is referred to as perishability. Service marketers find it difficult to balance supply and demand.
- Ownership: The inability to owns the service relate to its intangibility and perishability. (5 × 2) (10)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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