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NOVEMBER EXAMINATION

NATIONAL CERTIFICATE

MARKETING MANAGEMENT N6

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25 November 2013 (X-Paper)
09:00–12:00

This question paper consists of 13 pages.

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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 from SECTION B.
3. Read ALL the questions carefully.
4. Number the answers according to the numbering system used in this question paper.
5. Start each question on a NEW page.
6. Write neatly and legibly.

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SECTION A (COMPULSORY)

QUESTION 1

VODACOM SEES LIGHT AT THE END OF AFRICA TUNNEL

Vodacom's performance on the African continent has always been lacking behind when compared to that of its main rival MTN. But Johann Dennelind, the CEO of the international division, said this situation is slowly turning around. Dennelind said international operations continue to grow as a percentage of total group growth.

Vodacom operates in four other African countries besides South Africa, where it remains market leader. It has operations in Tanzania, Mozambique, Lesotho and the Democratic Republic of Congo (DRC) and Dennelind said it is in the number one position in all markets except Mozambique, where it is second.

Tanzania, which is Vodacom's biggest market outside South Africa, has been challenged by intense competition, with the authorities licencing four more players. 'A couple of years ago we were under intense price pressure in a lot of our markets and it was because of increased competition, especially the bringing of Indian mobile into Africa, but the pricing has now become rational,' said Dennelind. He said in Tanzania the big three operators – Vodacom, Airtel and Tigo – operate alongside the smaller ones, describing it as a good competitive environment with stable pricing.

Vodacom has had its fingers burnt in some of its expansion efforts, notably in the DRC where it has been mired in a legal dispute. At the annual general meeting earlier in 2012, chairman Peter Moyo said Vodacom was hoping the case would be heard in a South African court before the appeal is decided in the Congo. But Moyo is adamant that Vodacom will not leave the Congo.

Dennelind said Vodacom is committed to investment in the Congo and that the division is doing well. He also said that Vodacom has changed its operating style and made an effort to include local talent instead of just using South Africans. 'We now have more diverse management teams and we bring in more expertise to help develop local talent. We didn't really operate African style and our formula wasn't right,' said Dennelind.

'We want to make sure that we reach out to more people and we want to increase penetration and coverage and we are investing in the internet technology to make sure we have better capacity,' he said. 'We have spent the last two years trying to prove ourselves, first of all, that we can operate in Africa, learn from our mistakes in the past and we have learnt that we need to operate with a different mind-set. We have a new operational model and formula,' he said.

Adapted from: Masote, M. 2012. *Vodacom sees light at end of Africa tunnel.* Sunday Times Business Times. 11 November:10.]

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1.1 Name and explain the type of service that is offered by Vodacom. (3)

1.2 Vodacom is a multinational company and its main competitor in South Africa is MTN.

1.2.1 Name TWO other Vodacom's competitors in South Africa.

1.2.2 Which are the TWO Vodacom's competitors in Tanzania?

(2 × 2) (4)

1.3 In order to remain competitive in the face of MTN and other competitors, Vodacom may need to widen its product mix by offering 'new services'.

How can Vodacom use the following items to offer new services and therefore remain competitive?

1.3.1 Style changes

1.3.2 Service improvements

1.3.3 Service line extensions

1.3.4 New services

1.3.5 Major innovations

(5 × 2) (10)

1.4 Johann Dennelind, the CEO of the international division at Vodacom, said 'international operations continue to grow as a percentage of total group growth'.

1.4.1 Name and explain the growth strategy that Dennelind is referring to. (3)

1.4.2 How is Vodacom applying the strategy you have mentioned in QUESTION 1.4.1? (2)

1.5 Explain the following entry methods that Vodacom may use should they decide to expand into more African countries. Also give ONE advantage of each entry method.

1.5.1 Foreign licencing

1.5.2 Joint venture

1.5.3 Direct investments

(4 × 3) (12)

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1.6 Vodacom should be prepared for many challenges that they may encounter in tackling African markets.

Show how the following elements of culture can be problematic for Vodacom:

1.6.1 Language

1.6.2 Aesthetics

1.6.3 Education

(3 × 2) (6)

1.7 Despite the problems that may be caused by the elements of culture stated above, it can still be profitable for Vodacom to trade in other countries.

Give FIVE advantages of trading internationally. (5 × 2) (10)
[50]

TOTAL SECTION A: 50

SECTION B

Answer any THREE questions from this section.

QUESTION 2

2.1 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 (2.1.1–2.1.10) in the ANSWER BOOK.

2.1.1 This manager is responsible for the development and planning of all processes that relate to the manufacturing of products.

A The marketing manager
B The human resource manager
C The production manager
D The purchasing manager

2.1.2 Once the marketing strategy has been formulated, people have to be found to perform the required marketing activities. This management task is known as …

A planning.
B organising.
C co-ordination.
D leading.

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2.1.3 This environment consists of the enterprise itself and its production processes which are aimed at satisfying the needs of society.

A The macro environment
B The internal environment
C The external environment
D The market environment

2.1.4 These products are low-share products in high growth markets and they require a lot of cash to maintain their share.

A Convenience products
B Dogs
C Stars
D Problem children

2.1.5 These products are relatively expensive, have a long lifespan and directly affect the scale of operation.

A Cash cows
B Land and buildings
C Raw materials
D Installations

2.1.6 The characteristic(s) of industrial marketing that differentiate the marketing of industrial products from the marketing of consumer products.

A Derived demand
B Knowledgeable buyers
C Relative number of geographically concentrated buyers
D All the above

2.1.7 In service marketing, perishability and fluctuating demand means that ...

A services cannot be stored.
B services are typically produced and consumed simultaneously.
C it is impossible for a service firm or individual to standardise output.
D None of the above

2.1.8 The ability to provide prompt service:

A Reliability
B Responsiveness
C Assurance
D Tangibles

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2.1.9 Cultural element(s) that can influence an international company's marketing programme.

A Family
B Religion
C Customers
D A and B

2.1.10 Introducing the product in the foreign market without change:

A Straight extension
B Product adaptation
C Direct exports
D Product invention

(10 × 2) (20)

2.2 Use any service business of your choice (for example a hair salon, an internet café, an airline service, a private hospital, et cetera), to draft a brief promotional strategy for service marketing. Make sure that you mention ALL promotional elements and the service business you have chosen. (4 × 4) (16)

2.3 One of the management tasks of marketing managers is control.

Give the FOUR steps of the control process. (4)

2.4 Generally the mission statement of an enterprise contains information about the types of products or services rendered by it, which its key stakeholders are and what its key values are. The mission statement also describes the fundamental reason for the existence of the company, explains the area in which the company operates and shows how the human, financial and other resources are used.

Formulate FIVE questions that the mission statement of the enterprise should answer. (5 × 2) (10)

[50]

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QUESTION 3

3.1 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'true' or 'false next to the question number (3.1.1–3.1.10) in the ANSWER BOOK.

3.1.1 Market share, profitability and technology are some of the variables of the enterprise strength in the market attractiveness/enterprise strength matrix.

3.1.2 One of the steps in the control process is setting performance standards. This step is followed by planning.

3.1.3 The process of organising the marketing department may lead to a creation of formal organisational structure according to customers.

3.1.4 One of the advantages of a structure according to geographical area is that results regarding product and service performance can be measured.

3.1.5 Business buyers do not buy goods and services for personal consumption or utility.

3.1.6 The reseller market consists of a mixture of government and private organisations that buy finished goods and resell them for a profit.

3.1.7 Under the classification of services, personal care includes personal and business insurance, medical and household cleaning.

3.1.8 When analysing and choosing the target market, service businesses also use buying motives, buying patterns and buying behaviour.

3.1.9 In international marketing, if consumers of a foreign country are largely illiterate, advertising programs and package labels will need to be adapted.

3.1.10 Trade barriers include agreements whereby the international company agrees to employ a certain percentage of local labour and management.

(10 × 1) (10)

3.2 Show how Vodacom, as an international service company, can adapt its marketing mix elements to foreign countries. (16)

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3.3 How can a company operating in the car manufacturing industry be affected by the following environmental factors?

3.3.1 Economic environment

3.3.2 Technological environment

3.3.3 Competitive environment

(4 × 3) (12)

3.4 Briefly explain the following industrial products and give ONE example of each.

3.4.1 Raw materials

3.4.2 Operating supplies

3.4.3 Accessories equipment

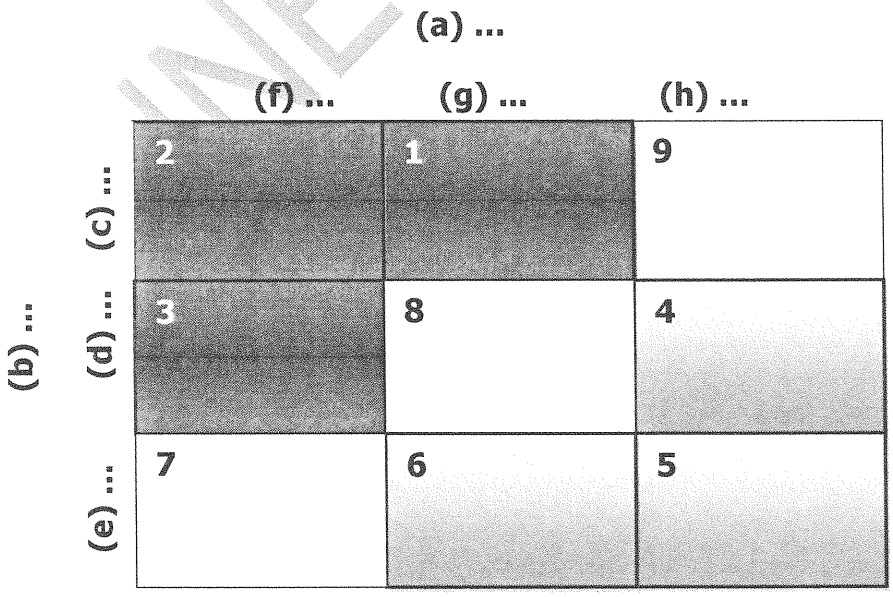
3.4.4 Fabricating materials

(3 × 4) (12)
[50]

QUESTION 4

Study the matrix below carefully and then answer the questions.

MARKET ATTRACTIVENESS/ORGANISATIONAL STRENGTH MATRIX



4.1 McKinsey, a marketing consultant for General Electric, developed the matrix above. The matrix consists of a market grid and is bounded by two variables on the horizontal axis and on the vertical axis. The horizontal axis refers to how well positioned the business is to take advantage of market opportunities as compared to its competitors.

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4.1.1 Label (a) on the matrix by stating whether it is market attractiveness or enterprise strength.

4.1.2 Label (b) on the matrix by stating whether it is market attractiveness or enterprise strength.

4.1.3 Label (c) on the matrix by stating whether it is High (H); Average (A) or Low (L).

4.1.4 Label (d) on the matrix by stating whether it is High (H); Average (A) or Low (L).

4.1.5 Label (e) on the matrix by stating whether it is High (H); Average (A) or Low (L).

4.1.6 Label (f) on the matrix by stating whether it is High (H); Average (A) or Low (L).

4.1.7 Label (g) on the matrix by stating whether it is High (H); Average (A) or Low (L).

4.1.8 Label (h) on the matrix by stating whether it is High (H); Average (A) or Low (L).

(8 × 1) (8)

4.2 With reference to the matrix in QUESTION 4.1, choose the answer from COLUMN B that matches the description in COLUMN A.

	COLUMN A	COLUMN B
4.2.1	These blocks show the attractive zone and products placed here (represented by P's or asterisks) can make a great contribution to the rate of return, because the zones are characterised by attractive markets and a strong competitive position	blocks 1, 2 and 3 blocks 4, 5 and 6 blocks 5, 6 and 7 blocks 7, 8 and 9
4.2.2	These blocks show the unattractive zone	
4.2.3	These blocks are currently unclear	

(3 × 2) (6)

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4.3 With reference to the matrix in QUESTION 4.1, name the strategy described below.

4.3.1 Attempt to stop erosion in position by investing enough to compensate for environmental and competitive forces

4.3.2 Aggressively attempt to move the position up, even at the sacrifice of earnings

4.3.3 Attempt to regain a previously held position that has been lost by a milking strategy, which, for whatever reason, is no longer appropriate

4.3.4 Attempt to strengthen position in some segments and let position weaken in other segments

4.3.5 Attempt to harvest the business, drawing cash out and cutting investment to a minimum

4.3.6 Sell or liquidate the business

(6 × 1) (6)

4.4 The industrial business will consider different variables when segmenting the industrial market.

Briefly explain the following segmentation bases for industrial markets:

4.4.1 Types of markets

4.4.2 Size of the customer

4.4.3 Operational variables

4.4.4 Purchasing approaches

4.4.5 Types of buying situations

4.4.6 Personal characteristics

(6 × 2) (12)

4.5 All companies that are providing services, including Vodacom, must overcome the problems caused by perishability and fluctuating demand.

Briefly explain how Vodacom can use the solutions stated below to overcome these problems.

4.5.1 Differential pricing

4.5.2 Non-peak demand cultivating

(2 × 2) (4)

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4.6 Explain how Vodacom can apply the following elements of the marketing concept:

4.6.1 Consumer orientation

4.6.2 Community orientation

(2 × 2) (4)

4.7 Explain the relationship between *marketing management* as a business function and the *information function.* (2)

4.8 Give TWO factors that the customer may use to determine service quality. (2)

4.9 One of the responsibilities of the marketing function is to identify marketing opportunities and threats in the marketing environment.

State any other THREE responsibilities. (3 × 2) (6)
[50]

QUESTION 5

5.1 The Marketing Director heads the marketing department. This department has three subdivisions, namely:

- New product development
- Advertising
- Sales

Each of the divisions is run by a manager.

- The new product development manager has authority over two assistants in charge of consumer products and industrial products.
- The advertising manager has authority over two assistants in charge of newspapers and television.
- The sales manager has authority over three sales representatives.

Using the information above, draw a diagram showing an organisational structure of the marketing department. Also state what type of structure it is. (16)

5.2 Physical distribution means the physical delivery of products. This poses a big challenge for industrial marketers because orders for industrial products are usually large and some products are big and heavy.

Briefly discuss the FOUR factors that must be taken into consideration when formulating the physical distribution strategy for industrial products. (4 × 2) (8)

5.3 Name FIVE pricing methods that may be used by service marketers. (5)

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5.4 Various differentiation methods can be used to differentiate identical products from one another.

5.4.1 Which differentiation strategy is used to differentiate competing products from one another? (1)

5.4.2 Explain differentiation on the basis of product quality. (2)

5.5 State FIVE advantages of an organisational structure according to geographical area. (5 × 2) (10)

5.6 The management tasks of marketing involve a constant cycle of planning, organising, leading and control.

Briefly discuss these tasks. (8)
[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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