higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

NOVEMBER EXAMINATION

MARKETING MANAGEMENT N6

25 NOVEMBER 2013

This marking guideline consists of 12 pages.

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SECTION A: COMPULSORY

QUESTION 1

1.1 Communications✓ (1)

- Telephone✓
- Telegraph✓
- Computer and specialised business communication services. (2)

1.2 1.2.1
- 8·ta✓
- Virgin Mobile✓
- Cell C (Any 2 × 1) (2)

1.2.2 Airtel✓
Tigo✓ (2 × 1) (2)

1.3 1.3.1 Style changes
- Vodacom may revise design of their logo and colours, for example, Vodacom recently changed its logo and colours from blue to red.✓✓

1.3.2 Service improvements
- Vodacom may change actual features of the service already on offer to an established market, for example, high speed cellular internet connections.✓✓

1.3.3 Service line extensions
- Vodacom may make additions to existing services product range, for example, voice activated short message services (sms).✓✓

1.3.4 New services
- Vodacom may offer new services to, for example, cellular phones that prevent calls while driving.✓✓

1.3.5 Major innovations
- Vodacom may offer entirely new services to new markets, for example, the use of tablets by students to watch lessons offered by professors at universities across the country live.✓✓

(5 × 2) (10)

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1.4 1.4.1
- Growth through expansion in the market.✓ (1)

- Geographic and international expansion.✓✓
- International companies start small and achieve success through gradual expansion programmes. (Any 2 × 1) (2)

1.4.2
- Vodacom has operations in Tanzania, Mozambique, Lesotho and the Democratic Republic of Congo (DRC).✓✓
- Vodacom operates in four other African countries besides South Africa. (Any 2 × 1) (2)

1.5 1.5.1 Foreign licensing
Vodacom licenses a foreign company to use a manufacturing process, trademark, patent, trade secret for a fee or royalty.✓✓ (2)

ADVANTAGES:

- The licensor gains entry into the foreign market at little risk, the licensee gains production expertise or a well-known product or name without having to start from scratch.✓✓
- It is a source of additional earnings with a few financial risks and a low cost in executive time.
- It can give a firm a marketing advantage in meeting the needs of foreign customers, overcoming trade barriers, building goodwill or protecting patents and trademarks by having the licensee use them and keep them effective.
- Reciprocal licensing agreement may allow a licensor to gain from the research activities of the foreign country.
- Licensing allows a firm to penetrate a foreign market with a minimum investment because the licensee may already be established in the market or be able to provide the capital to set up operations. (Any 2 × 1) (2)

1.5.2 Joint venture
Vodacom, as a foreign investor, may join with local investors to create a joint venture in which they share ownership and control.✓✓ (2)

ADVANTAGES:

- The joint venture may develop local technology and managerial capability more rapidly.✓✓
- The joint venture with local partners provides a means of gaining entry to markets where local participation is required.
- The local firm may have access to channels of distribution and may already be established as a quality of allied products.
- Local partners can provide the firm with physical facilities, labour and contacts with local officials and businesses.

(Any 2 × 1) (2)

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1.5.3 Direct investments
Vodacom may have direct ownership of foreign-based assembly or manufacturing facilities.✓✓
Vodacom can buy part or full interest in a local company or build its own facilities. (Any 2 × 1) (2)

ADVANTAGES:

- Cost advantages in terms of cheap labour and resources.✓✓
- Benefits supplied by local governments to investors.
- Savings on transportation costs.
- Building a better image in the local market because it shows interest in the future of the country.
- Building a better relationship and understanding with the local government and suppliers. This leads to better acceptance of the firm and its products.
- The company keeps full control over its investment and determine its own policy to coincide with the long term international policy. (Any 2 × 1) (2)

1.6.1 Language
- Vodacom will have to learn the languages of countries they wish to trade in.✓✓
- Learning the language will mean learning the culture.
- In each market Vodacom must communicate with different audiences, for example, political leaders, employees, suppliers and even customers, in a language that they understand (Any 2 × 1) (2)

1.6.2 Aesthetics
In the design of its products, service centres, products or brand name and even packaging, Vodacom should be sensitive to local aesthetic preferences like music, art, drama and the particular appreciation of colour and form.✓✓
Vodacom must learn that different colours and music vary from culture to culture and therefore due attention must be given to advertising messages. (Any 2 × 1) (2)

1.6.3 Education
- If consumers are largely illiterate, Vodacom's advertising programs and package labels will need to be adapted.✓✓
- If girls and women are largely excluded from formal education, Vodacom's marketing programs will differ greatly from those aimed at the white South African housewife.
- Vodacom may find that conducting marketing research can be difficult both in communicating with consumers and in getting qualified researchers.
- Vodacom's products that are complex or need written instructions may need to be modified to meet the educational (2)

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and skill levels of the market. (Any 2 × 1)

1.7
- The company's domestic market might be attacked by global firms offering better products or lower prices. The company might want to counterattack these competitors in their home markets to tie up their resources.✓✓
- The company might discover that some foreign markets present higher profit opportunities than the domestic market.✓✓
- The company might need a large customer base in order to achieve economies of scale.✓✓
- The company might want to reduce its dependence on any one market so as to reduce its risk.✓✓
- The company's customers might be going abroad and require international servicing.✓✓
- Less or less intense competition.
- Lucrative government incentives.
- New markets may have new product life cycles
- Firm may be able to get rid of excess stock. (Any 5 × 2) (10)

[50]

TOTAL SECTION A: 50

SECTION B

QUESTION 2

2.1

2.1.1	C✓✓
2.1.2	D✓✓
2.1.3	B✓✓
2.1.4	C✓✓
2.1.5	D✓✓
2.1.6	D✓✓
2.1.7	A✓✓
2.1.8	B✓✓
2.1.9	B✓✓
2.1.10	A✓✓

(10 × 2) (20)

2.2 Service: Hair salon
Promotional strategy

Advertising
Use television to show results of the service.✓✓
Use satisfied customers to tell their stories on radio.✓✓

Sales promotion
Money-off price incentives – to stimulate demand during slack times.✓✓
Coupons/vouchers – to encourage first-time users to try out a service.✓✓

Publicity
Use press or radio to create a favourable broadcast about the service.✓✓
Sponsor welfare and sporting events.✓✓

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Personal selling
Home visits to promote the service.✓✓
Service encounters – services promoted during personal contacts.✓✓ (4 × 4) (16)

2.3 Step 1: Setting of performance standards.✓
Step 2: Observation of the actual marketing performance.✓
Step 3: Evaluation of deviations.✓
Step 4: Corrective action.✓ (4 × 1) (4)

2.4
- What is the field of business of the enterprise?✓✓
- What are its target markets?✓✓
- What are the utilities and values to be offered to the target market?✓✓
- What are the capabilities of the enterprise? ✓✓
- What is the ethical mindset of the organisation?✓✓ (5 × 2) (10)

[50]

QUESTION 3

3.1
3.1.1 True✓
3.1.2 False✓
3.1.3 True✓
3.1.4 False✓
3.1.5 True✓
3.1.6 False✓
3.1.7 False✓
3.1.8 True✓
3.1.9 True✓
3.1.10 True✓ (10 × 1) (10)

3.2 Product adaptation

- Vodacom may use Straight Extension, which means introducing a service in the foreign market without change.✓✓
- Vodacom my use Product adaptation, which involves altering the service to meet foreign conditions or preferences.✓✓
- Vodacom may use Product invention, which consists of creating something completely new. (Any 2 × 2) (4)

Price Adaptation

- Setting a Uniform Price Everywhere: Vodacom might want to charge the same price everywhere in the world.✓✓
- Setting a Market-Based Price in Each Country: Here Vodacom would charge what each country could afford.✓✓
- Setting a Cost-Based Price in Each Country: Here Vodacom would use a standard mark-up of its costs everywhere. (Any 2 × 2) (4)

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Promotional Adaptation

- Vodacom can use one message everywhere, only varying the language, name and colours.✓✓
- Vodacom may use the same theme globally but adapt the copy to each local market.✓✓
- Vodacom can make use of foreign advertising agencies or allow their own advertising departments to adapt the theme to each local market.

(Any 2 × 2) (4)

Distribution Adaptation

- Packaging requirements must suit each country.✓✓
- Adequate marking of shipments must be considered.✓✓
- Requirements regarding commercial shipping documents and governmental documents must be given due care. (Any 2 × 2) (4)

3.3 3.3.1 Economic environment:

Business buyers are heavily influenced by factors in the current and expected economic environment, such as the level of primary demand (low or fluctuating demand), the economic outlook (high interest rates), and the cost of money (high exchange rates).✓✓
In a recession economy, business buyers reduce their investment in plant, equipment, and inventories.✓✓
Business marketers can do little to stimulate total demand in a recession economy. They can only fight harder to increase or maintain their share of demand. (Any 2 × 2) (4)

3.3.2 Technological environment

- The technological environment refers to the current technologies in particular industries and the rate of technological change. Industrial businesses must keep up to stay in business.✓✓
- Industrial buyers may need new equipment and machinery in order to deal with competition and changing consumer needs.✓✓
- Industrial marketers who are unable to meet their customers' changing technological needs may not be able to maintain a strong competitive position. (Any 2 × 2) (4)

3.3.3 Competitive environment
Competitors' actions, whether domestic or foreign, ultimately influence the company's choice of target markets, distributors, product mix and obviously its suppliers.✓✓
It is very important that the company always know who and where the competitors are.✓✓
Exporting companies should investigate foreign markets to determine the level of competition. (Any 2 × 2) (4)

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3.4 3.4.1
- Raw materials are basic natural materials that actually become part of a physical product.✓✓
- Raw materials include minerals, chemicals agricultural products and materials from forests and the sea. (Any 2 × 1) (2)

Example: Wood. ✓ (1)

3.4.2 Operating supplies
These products are used to facilitate operations of the organization, but do not become part of the final product in the way component parts and process materials do.✓✓ (2)

Example: Stationery.✓ (1)

3.4.3 Accessory equipment is used in the production process but it does not have a significant influence on the scale of operations. They have a shorter life-span and are cheaper than installations.✓✓ (2)

Example: Welders.✓ (1)

3.4.4 Fabricating materials are manufacturing materials that tend to lose their identity and may even be indistinguishable in the final product.✓✓ (2)

Example: Cement.✓ (1)
[50]

QUESTION 4

4.1 4.1.1 Market Attractiveness✓

4.1.2 Organisational strength✓

4.1.3 H✓

4.1.4 A✓

4.1.5 L✓

4.1.6 H✓

4.1.7 A✓

4.1.8 L✓

(8 × 1) (8)

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4.2 4.2.1 Blocks 1; 2 and 3✓✓
4.2.2 Blocks 4; 5 and 6✓✓
4.2.3 Blocks 7; 8 and 9✓✓

(3 × 2) (6)

4.3 4.3.1 Invest to hold✓
4.3.2 Invest to penetrate✓
4.3.3 Invest to rebuild✓
4.3.4 Selective investment✓
4.3.5 Low investment✓
4.3.6 Divest✓

(6 × 1) (6)

4.4 4.4.1 Types of markets

- Major divisions into which these customers can be segmented are the government market, the producer market (industrial market), the institutional market and the reseller market.✓✓

4.4.2 Size of the customer

- 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 (local/national/international) can be used to determine the size of the customer.✓✓
- Size can also be measured in by such factors as sales volume, number of production facilities or number of sales facilities.

(Any 2 × 1)

4.4.3 Operational variables

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

4.4.4 Purchasing operations

- Amongst the most important variables to be used are the degree of centralisation/decentralisation of the purchasing function, the power structure of the companies, the nature of the existing relationship with the customer, the purchasing criteria employed by the company.✓✓

4.4.5 Types of buying situations

- Situational factors are organizational buying situations, namely, new-task, modified re-buy and straight re-buy.✓✓

4.4.6 Personal characteristics.

- Marketers may also choose to segment the industrial market on the basis of organisational values, risk profile or loyalty towards suppliers.✓✓

(6 × 2) (12)

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4.5 4.5.1 Differential pricing
Vodacom may use *Differential pricing* to shift some demand from peak to off-peak periods. Examples include reduced call rates for evening, weekend and public holidays.✓✓

4.5.2 Non peak demand cultivating
Vodacom may develop *Non peak Demand* by encouraging internet users to surf the internet after midnight, when it is cheaper.✓✓

(2 × 2) (4)

4.6 4.6.1 Consumer orientation
Vodacom can determine needs of different consumer groups and structure cellular phone packages accordingly, for example, different packages for business and ordinary citizens.✓✓

4.6.2 Community orientation
Vodacom can sponsor community programmes like sports training camps.✓✓

(2 × 2) (4)

4.7 The marketing department constantly needs information on the latest consumer trends, changing needs/attitudes, economic and international affairs and the impact thereof on marketing efforts. Such information must be accurate and provided timeously by the information function.✓✓ (2)

4.8
- Reliability✓
- Responsiveness✓
- Assurance
- Empathy
- Tangibles

(Any 2 × 1) (2)

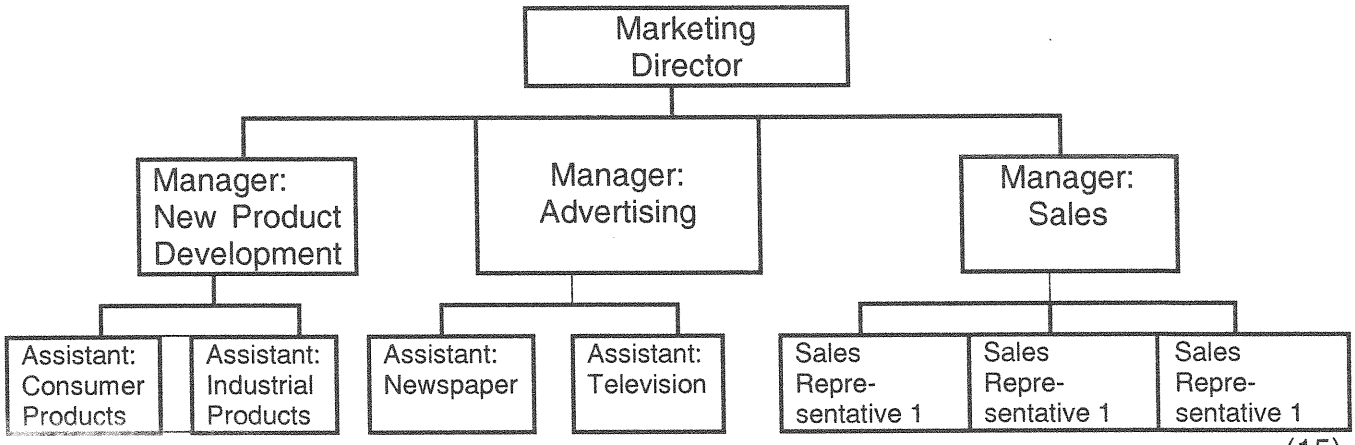
4.9
- To decide on the gathering of marketing data and the processing thereof into marketing information.✓✓
- To make decisions on which consumer needs the firm should satisfy.✓✓
- To decide which products have to be developed to satisfy the consumer needs.✓✓
- To decide on the prices at which products can be sold in order to attain the business objectives.
- To decide what distribution channels should be used to transfer the products to the consumer.
- To decide on the marketing communication methods that will inform, remind and persuade the consumer.
- To make decisions on the recruitment, selection, training, remuneration and motivating of marketing personnel.
- To decide on the manner in which the marketing division should be organised.
- To decide on the internal and external coordination of marketing activities.
- To decide on the control of marketing activities.

(Any 3 × 2) (6)

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QUESTION 5



(15)

Functional organisational structure (1)

5.2 Firstly, the marketer must recognize that the ability of the firm to provide a high level of customer service is of great concern to many customers and those customers should be informed of the firm's ability to meet their needs in a straightforward, realistic manner, whenever possible.✓✓
Specific information pertaining to product packaging, material handling, order processing, transportation modes and delivery times and their variability must be transmitted to customers.

Secondly, sales people must be trained to listen to customers to determine their service needs and relate to customers what the company is capable of doing in meeting those needs.✓✓

Thirdly, procedures to meet emergency situations, such as the shipment of rush orders or critical parts must be developed and written into the distribution strategy.✓✓

Fourthly, different service options and their price differentials must be developed.✓✓

(4 × 2) (8)

5.3
- Revenue-orientated pricing.✓
- Operations-orientated pricing.✓
- Patronage-orientated pricing.✓
- Cost-plus pricing.✓
- Differential pricing by means of discounts.✓ (5 × 1) (5)

5.4 5.4.1 Differentiation by brand.✓ (1)

5.4.2 Differentiation on the basis of product quality.
Product quality goes hand in hand with performance, durability and reliability.✓✓ (2)

5.5
- The structure ensures better coverage of the entire market.✓✓
- Ensures better control over the sales force and sales operations.✓✓
- A company can better meet local competition and adjust to local conditions.✓✓
- Local management can also act more rapidly in servicing customers and handling their needs and complaints.✓✓
- Geographical subdivisions can act autonomously.✓✓ (5 × 2) (10)

5.6 Planning
- In marketing management planning entails the examination of and the choice between various ways of utilizing marketing opportunities, counteracting marketing threats and achieving marketing objectives.✓✓
- Marketing decisions begin with the identification and evaluation of marketing opportunities and threats, and the firm's strengths and weaknesses.

Organising
- An organisational structure is the result of organizing.✓✓
- Organising stablishes a system or network of tasks, authoritative relationships and lines of communication between individuals and groups.
- Organising entails the creation of an organizational structure that is best suited to the implementation of the marketing decisions in order to achieve objectives that were set during the planning stage.
- Marketing activities are grouped rationally and individual divisions and managers are tasked with carrying them out.

Leading
- A wide range of tasks, such as staffing, communicating and motivating are performed during the leading process.✓✓
- Once the marketing strategy has been formulated, people have to be found to perform the required marketing activities (staffing); they have to be instructed as to what they should do (communicating) and a positive attitude towards work and the enterprise must be carefully cultivated and maintained (motivating).
- This means that people are allocated to fill up positions as identified in the organisational structure that the firm has opted for.

Control
- The final task of marketing management – control – is essential to marketing productivity and its purpose is to align actual performance with marketing plans as set out during the planning process.✓✓ (Any 5 × 2) (10)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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