higher education & training

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REPUBLIC OF SOUTH AFRICA

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NOVEMBER EXAMINATION

NATIONAL CERTIFICATE

MARKETING MANAGEMENT N6

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14 November 2014 (X-Paper)
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This question paper consists of 10 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 only 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

CASE STUDY: NEDBANK IS NOT SCARED OF CAPITEC, AND HERE IS WHY

Does size matter? Nedbank's CEO Mike Brown says it depends on the measuring tool that one uses. 'Everyone will use whatever statistic or instrument they want to make themselves seem big at that point in time,' he said. This was Brown's first interview since Nedbank was overtaken by the biggest bank in terms of the market share of transactional accounts, according to the All Media Products Survey results released last month.

Brown said he was not bothered by Capitec's recent gloating. 'Ask them how much money they make. Ask them what their market is,' he said, laughing off the question. He said that Capitec, like other local banks, was a good competitor. Nedbank is growing its customer numbers by 10% annually.

Since Brown took over from Tom Boardman, the group has been focusing on increasing its entry-level customer base that it had neglected for years – a focus that seems unlikely to change. In Nedbank's last financial year, it attracted 655 000 more clients, taking its total number of clients above six million. Capitec still hobbles behind it in terms of client numbers with 4.7 million.

Brown took over as CEO in 2010, after being financial director since 2005. Nedbank's return on equity stands at 16,4% – an increase from 13% in 2009, and its market capitalisation has grown from R58 billion to about R88 billion. Capitec might be growing far faster, but its market capitalisation is still less than a third of Nedbank's. Brown's bank can swallow Capitec and still not feel full.

Compared with the high-flying Capitec, which has ridden the unsecured lending wave, Nebank's share price has underperformed. When Brown was announced CEO at the height of the financial crisis, Nedbanks share price was about R123. In the past three years, it has climbed only 39.4 to R174.05 – far less than the JSE's All Share gain. By contrast, Capitec's share price has gained 146% since then. Capitec's share price closed at R192,91 on Friday night.

Clearly not close to being South Africa's largest or fastest growing bank, Brown set his sights on building Nedbank into 'Africa's most admired bank'. This year, Nedbank intends to acquire 20% of Togo-based Ecobank – the maximum it can acquire – following the $285 million (R2.8 billion) loan agreement that took place two years ago. Its partnership with Ecobank exposes it to 36 countries across the continent.

Last month, Nedbank bought 36% of Mozambique's sixth largest lender, Banco Unico, for $24.4 million and plans to increase the stake to a majority shareholding. Nedbank is also considering starting fixed-income funds in Mauritius and East Africa, similar to the funds it runs in partnership with parent Old Mutual in Namibia.

[Adapted from: Lefifi, T.A. 2013. Nedbank is not scared of Capitec, and here is why. *Sunday Times* Business Times. 16 June: 13]

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QUESTIONS:

1.1 Why is Nedbank not scared of Capitec? (4)

1.2 Differentiate between the following terms that are found in the case study:

1.2.1 Market

1.2.2 Market share

(2 × 2) (4)

1.3 Capitec is one of Nedbank's competitors.

Name THREE other banks that compete with Nedbank. (3)

1.4 Nedbank is a commercial bank and is owned by Old Mutual. Old Mutual is also selling insurance and life policies. That means Old Mutual is using a growth strategy known as diversification.

1.4.1 Briefly explain *diversification*. (2)

1.4.2 Is Old Mutual using related diversification or unrelated diversification? Give ONE reason for the answer. (3)

1.5 The four principles of the marketing concept, which should form the foundation for all marketing decisions and activities, are consumer orientation, profit orientation, systems orientation and social orientation. Show how Nedbank can apply these elements. (8)

1.6 Capitec still hobbles behind Nedbank in terms of client numbers.

Draft a brief promotional strategy that Capitec can use to attract more customers. Make sure that you discuss ALL promotional elements. (16)

1.7 Distribution strategies for banks are dependent on convenience, number of outlets and location.

Give suggestions to Capitec on how they can apply these distribution strategies so that they can be more competitive. (6)

1.8 Give FOUR factors that the customer may use to determine Capitec's service quality. (4)

[50]

TOTAL SECTION A: 50

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SECTION B

Answer only THREE questions from this section.

QUESTION 2

2.1 Give the steps in the industrial buying decision making process in the correct order. Briefly discuss the fourth and sixth steps. (16)

2.2 Name FIVE pricing methods that service marketers can use. (5)

2.3 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.

Briefly discuss the FOUR steps of the control process. (8)

2.4 Give the EIGHT steps of the foreign markets screening process in the correct order. Briefly discuss steps 4 and 7. (16)

2.5 Describe what *trade barriers* are and name THREE forms of trade barriers that may be experienced by a company wishing to trade overseas. (5)
[50]

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 Organising the marketing department is a process that consists of the establishment of lines of authority and communication and the co-ordination between different departments and individual posts.

3.1.2 A wide range of tasks, such as staffing, communication and motivating are not performed during the planning stage but rather during the controlling process.

3.1.3 Growth through diversification is not a competitive strategy.

3.1.4 One advantage of the functional organisational structure is that expert knowledge is immediately available.

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

3.1.6 Industrial markets are usually dispersed all over South Africa.

3.1.7 In the classification of services, personal care includes legal, accounting, management consulting and computer services.

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3.1.8 Intangibility means that services are typically produced and consumed simultaneously.

3.1.9 In international marketing, joint ventures mean the same as partnerships.

3.1.10 In international marketing, franchising is the form of foreign licensing.

(10 × 1) (10)

3.2 Nedbank and Capitec are generally offering banking services.

How can Nedbank overcome the constraints posed by the following characteristics of services?

3.2.1 Intangibility

3.2.2 Inseparability

3.2.3 Heterogeneity

3.2.4 Ownership

(4 × 2) (8)

3.3 Briefly describe the following methods of entry into the international markets:

3.3.1 Foreign licensing

3.3.2 Management contracting

3.3.3 Contracting manufacturing

3.3.4 Joint ventures

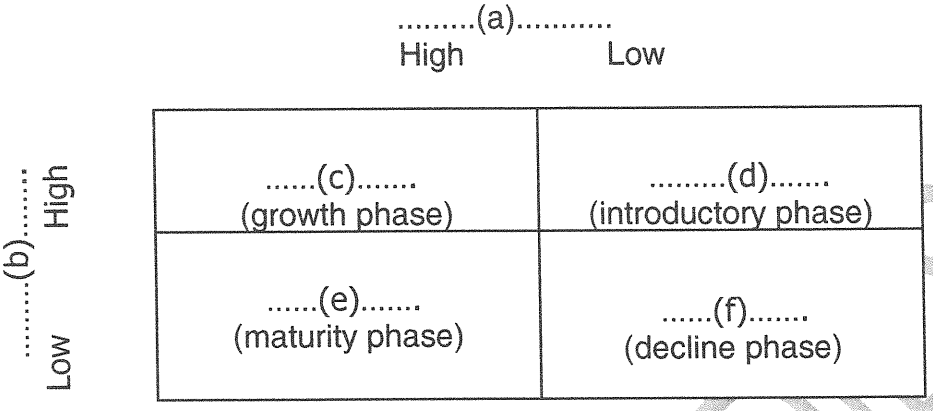
3.3.5 Direct investments

3.3.6 Turnkey operations

(6 × 2) (12)

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3.4 Give the correct terms for (a) to (f) in the Boston Consulting Group Matrix below.



(12)

3.5 Name and explain the strategy that can be used for (e) above. (3)

3.6 Give FIVE marketing management tasks. (5)
[50]

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 This is the second step of the marketing control process:

A Observation of the actual marketing performance
B Evaluation of deviations
C Setting of performance standards
D Corrective action

4.1.2 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 the expansion in the market

4.1.3 These are products in the decline phase of the product life cycle:

A Stars
B Problem children
C Cash cows
D Dogs

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4.1.4 This strategy implies that the enterprises will supply the product or service more cost-effectively than competitors:

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

4.1.5 These products are relatively expensive, have a long lifespan and directly affect the scale of operations:

A Land and buildings
B Installations
C Accessory equipment
D Capital equipment

4.1.6 This buying method is signified by the specification and description of certain attributes to the product:

A Modified re-buy
B Build
C Description
D Negotiations

4.1.7 Which ONE of the following is a pricing strategy a service firm would consider?

A Revenue pricing
B Dumping
C Counter trade
D Demand plus pricing

4.1.8 The relationship between buyer and seller in a service firm is dependent on …

A price.
B distribution.
C packaging.
D service encounter.

4.1.9 International companies that usually handle their own exports are using the entry method known as …

A franchising.
B joint venture.
C direct exports.
D indirect exports.

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4.1.10 … refer to a country's ideas concerning beauty and good taste and the particular appreciation of colour and form.

A Material culture
B Aesthetics
C Screening
D Culture

(10 × 1) (10)

4.2 Briefly discuss the following types of the industrial buying situations:

4.2.1 New-task

4.2.2 Straight re-buy

4.2.3 Modified re-buy

(3 × 4) (12)

4.3 Name and explain FIVE ways in which a business can use differentiation strategies to differentiate itself from other similar businesses. (15)

4.4 Name THREE international marketing environments. (3)

4.5 Briefly explain the following strategies that can be used for the market attractiveness – enterprise strength model:

4.5.1 Invest to hold

4.5.2 Invest to penetrate

4.5.3 Invest to rebuild

4.5.4 Selective investment

4.5.5 Divest

(5 × 2) (10)
[50]

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QUESTION 5

5.1 Explain, by means of a diagram, how a firm would organise itself according to customers. (12)

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

5.2.1 Economic environment

5.2.2 Technological environment

5.2.3 Competitive environment

(3 × 4) (12)

5.3 Briefly explain the following industrial products:

5.3.1 Fabricating materials

5.3.2 Installations

5.3.3 Operating supplies

(3 × 2) (6)

5.4 State FIVE opportunities (advantages) that may be enjoyed by South African banks like Capitec if they go to other African countries. (5 × 2) (10)

5.5 Marketing implementation may be defined as the process that turns marketing strategies and plans into marketing actions in order to accomplish strategic marketing objectives.

Name FIVE key elements on which successful implementation depend. (5)

5.6 Discuss the distribution of a service. (5)
[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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