higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

NOVEMBER EXAMINATION

MARKETING MANAGEMENT N6

28 NOVEMBER 2016

This marking guideline consists of 10 pages.

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SECTION A

QUESTION 1

1.1 1.1.1 The total number of customers that are at the disposal of any particular business.

1.1.2 It has to do with all other businesses that are targeting the same customers as your business.

(2 × 2) (4)

1.2
- Scooters Pizza
- St Elmo's Pizza
- Debonairs Pizza
- Pizza Perfect
- Panarotti's Pizza
- Roman's Pizza
- Mimmo's Pizza (Any appropriate 7 × 1) (7)

1.3 Food and beverages industry (1)

1.4 1.4.1 Foreign licensing (1)

1.4.2
- Joint venture✓
  Foreign investors may join with local investors to create a joint venture in which they share ownership and control.✓✓
- Wholly-owned subsidiaries✓
  The direct ownership of a foreign-based service business, assembly or manufacturing facilities.✓✓
- Foreign licensing✓
  The licensor licences a foreign company to use its manufacturing process, trademark, and patent and trade secret for a fee or royalty.✓✓ (Any 2 × 3) (6)

1.5
- Maintenance strategy✓
  Sufficient funds to retain production facilities, product quality and consumer loyalty are judiciously spent.✓✓
- Harvest strategy✓
  To bring in cash as quickly as possible all further investments in the product is stopped and costs are cut to the bone.✓✓ (6)

1.6 An attempt to regain a previously held position. (2)

1.7 1.7.1 Growth through expansion in the market

1.7.2 Geographic and international expansion
Small enterprises start small and later expand through gradual expansion programmes, for example opening other branches at different locations.

(2 × 2) (4)

1.8 Middle class (1)

1.9 1.9.1
- Chicken
- Mozzarella cheese (Any appropriate 2 × 1) (2)

1.9.2
- Problem recognition
  Someone recognises that the stock of, for example mozzarella cheese is running low.

- General need description
  The general characteristics and quantity needed are determined.

- Product specification
  Pizza Hut then develops the product's technical specifications.

- Supplier search
  Pizza Hut may examine trade directories, do a computer search, watch trade advertisements or attend trade shows.

- Proposal solicitation
  Pizza Hut will now invite qualified suppliers to submit proposals.

- Supplier selection
  Pizza Hut will specify desired supplier attributes and indicate their relative importance, and then rate suppliers against these attributes to identify the most suitable supplier.

- Order-routine specification
  Pizza Hut now negotiates the final order with the chosen supplier. The quantity needed, the expected time of delivery, warranties and so on are specified.

- Performance review
  Pizza Hut evaluates the performance of the particular supplier and, given their performance, Pizza Hut may continue to use or drop the supplier. (8 × 2) (16)

[50]

TOTAL SECTION A: 50

SECTION B

QUESTION 2

2.1
2.1.1 False
2.1.2 True
2.1.3 False
2.1.4 True
2.1.5 False
2.1.6 False
2.1.7 True
2.1.8 False
2.1.9 True
2.1.10 False

(10 × 1) (10)

2.2
2.2.1 Market attractiveness
2.2.2 Enterprise strength
2.2.3 Market attractiveness
2.2.4 Enterprise strength
2.2.5 Enterprise strength
2.2.6 Market attractiveness
2.2.7 Market attractiveness
2.2.8 Enterprise strength
2.2.9 Enterprise strength
2.2.10 Market attractiveness

(10 × 1) (10)

2.3 2.3.1

Step 1: Determine the basic needs served by the product and the characteristics of the potential customer.

Step 2: Establish the manner in which these needs are currently being met.

Step 3: Estimation of market potential

Step 4: Elimination (Screening)

Step 5: Ranking

Step 6: Geographical clusters

Step 7: Eliminate countries where trade or investment barriers prohibit profitable market entry.

Step 8: Select the most suitable countries for further analysis, the development of entry strategy, and the formulation of a marketing plan. (8 × 1) (8)

2.3.2 Step 4: Elimination (Screening)
Eliminate countries which do not meet the firm's requirements in terms of market potential, economic growth, political risk, available labour or natural resources.

Step 5: Ranking
Rank the remaining countries by market potential.

Step 6: Geographical clusters
Check geographical clusters that would facilitate expansion.

Step 7: Eliminate countries where trade or investment barriers prohibit profitable market entry.
These barriers would include tariffs, quotas, currency regulations, investment restrictions or other laws that are not acceptable to the firm. (4 × 2) (8)

2.4
- Revenue-oriented pricing
The focus is on maximising the surplus of income over costs.

- Operations-oriented pricing
Here management seeks to match supply and demand by varying prices.

- Patronage-oriented pricing
Here management tries to maximize the number of clients using the service.

- Cost-plus pricing
Here the main ingredient is labour and the client is charged on hourly basis.

- Differential pricing by means of discounts
Lower prices are charged when the client is using more of the same service. (Any 4 × 3) (12)

2.5
- Reliability
- Responsiveness
- Assurance
- Empathy
- Tangibles (Any 2 × 1) (2)

QUESTION 3

3.1

3.1.1	C
3.1.2	B
3.1.3	A
3.1.4	D
3.1.5	B
3.1.6	B
3.1.7	A
3.1.8	C
3.1.9	C
3.1.10	A

(10 × 2) (20)

3.2

3.2.1	Modified re-buy
3.2.2	New task
3.2.3	Modified re-buy
3.2.4	Straight re-buy
3.2.5	Straight re-buy
3.2.6	New task

(6 × 1) (6)

3.3

• Small forklift	Inspection
• Coloured straws	Description
• 200 Light bulbs	Negotiation
• Oranges	Sampling

(Any appropriate 4 × 1) (4)

3.4.1

Relative Market Share✓

High✓ **Low**✓

Market Growth Rate ✓		
High✓	STAR✓ (Minute Maid)✓	PROBLEM CHILD✓ (Bonaqua) ✓
Low✓	CASH COW✓ (Coke) ✓	DOG✓ (Sprite) ✓

(14)

3.4.2

- Build
- Hold
- Harvest
- Divest

(4)

3.4.3

- Dogs have a low market share and market growth possibilities are limited.
- Because prospects for dogs are poor cash flow to these products is limited.

(2)

[50]

QUESTION 4

4.1 4.1.1 Growth can be achieved by encouraging existing users of a product to buy or use more of the same product or to test new uses for the existing product.
– Yoghurt can be used as a baking ingredient.

4.1.2 Growth can also be achieved by making small changes and improvements to existing products. The product range can be enlarged to offer consumers a greater degree of satisfaction. A new product can be developed for an existing market.
– They may produce a new product like triple cream yoghurt.

4.1.3 The company can buy or create their own manufacturer.
– The company may invest in a farm to produce its own milk for the production of yoghurt.

4.1.4 The enterprise could expand into a totally strange field.
– The company may venture into the wine making business.

(4 × 4) (16)

4.2 4.2.1
- Tomatoes
- Pineapples

4.2.2
- Land/Buildings
- Oven

4.2.3
- Flour
- Water

4.2.4
- Food warmer
- Cash register

4.2.5
- Cleaning materials
- Pizza boxes

(Any appropriate 5 × 2) (10)

4.3
- Derived demand
- Elasticity of demand
- Knowledgeable buyers
- Relatively small number of geographically concentrated buyers (4)

4.4 4.4.1 The manufacturer buys or creates their own retail outlets. (2)

4.4.2 The enterprise takes over a competitor and thus reinforcing its position. (2)

4.5
- Intangibility
- Inseparability
- Perishability
- Fluctuating demand
- Heterogeneity
- Ownership (Any 4 × 1) (4)

4.6 Service: Hair salon

Target market: All female students at TSC TVET College: ODI Campus

PROMOTIONAL STRATEGY

Advertising: Use notice board to post pictures of different hairstyles.

Sales promotion: Money-off price incentives to stimulate demand during slack times.

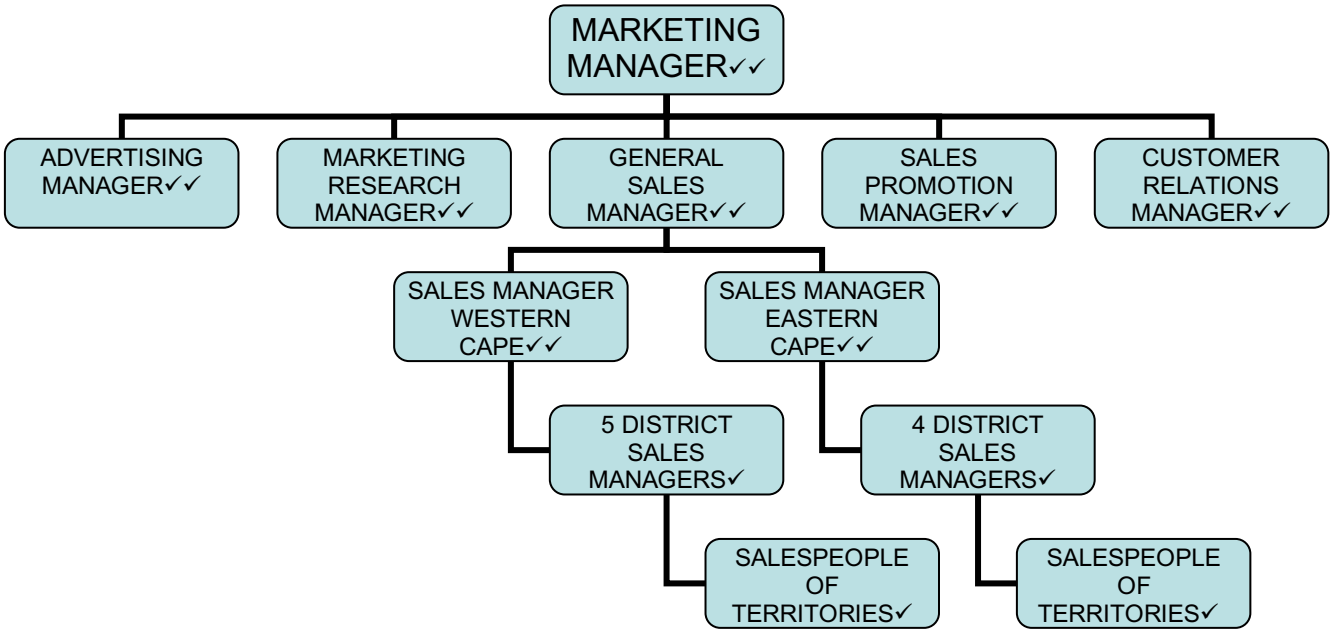
Publicity: Sponsor Miss College with free hairstyles during her reign.

Personal selling: Home visits to promote the service.

(Any appropriate 6 × 2) (12)
[50]

QUESTION 5

5.1



(Any appropriate 20 × 1) (20)

5.2 5.2.1

- Government frequently provides considerable aid to potential exporters.
- Involves less risk and provides more flexibility than some other approaches.
- Company already has sufficient production capacity to produce for foreign markets and thus no additional production facilities are needed.
- The investment in assessing marketing opportunities may be minimal and will likely be aided by the use of intermediaries, trade fairs, secondary data and personal visits by executives.
- Presents minimal exposure to the political and other risks of the foreign environment, and it helps the firm gain experience for further expansion through other strategies.
- An exporting company can relatively easily shift from exporting to another strategy if increased volume warrants the additional risk or if profit opportunities are found to be greater through production abroad. (Any 5 × 2) (10)

5.2.2

- Domestic-based export department or division
- Overseas sales branch or subsidiary
- Travelling export sales representatives
- Foreign-based distributors or agents (Any 1 × 1) (1)

5.2.3 Product Adaptation

- 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.

Price Adaptation

- Setting a uniform price everywhere: Coca-Cola might want to charge X cents everywhere in the world.
- Setting a market-based price in each country: Coca-Cola would charge what each country could afford.
- Setting a cost-based price in each country: Coca-Cola would use a standard mark-up of its costs everywhere.

Promotional Adaptation

- Coca-Cola can use one message everywhere, only varying the language, name and colours.
- The next possibility is to use the same theme globally but adapt the copy to each local market.
- Coca-Cola may use foreign advertising agencies or allow their own advertising departments to adapt the theme to each local market.

Distribution Adaptation

- Physical distribution expenses, which will make the selling price much higher than the price in the home country, must be carefully included in the final selling price of exported products.
- Packaging requirements require more attention and effort to ensure that perishable products like fruits juices remain fresh.
- Transportation methods must accommodate problems caused by humidity, theft and breakage.
- Exportation documents must be correctly filled in and must meet foreign government requirements.

(Any appropriate 4 × 4) (16)

5.2.4

- Differentiation strategy
- Low-cost strategy
- Focus strategy

(3)
[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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