higher education & training

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NATIONAL CERTIFICATE

MARKETING MANAGEMENT N6

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DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
MARKETING MANAGEMENT N6
TIME: 3 HOURS
MARKS: 200

INSTRUCTIONS AND INFORMATION

1. Answer all the questions.
2. Read all the questions carefully.
3. Number the answers according to the numbering system used in this question paper.
4. Start each section on a new page.
5. Use only a black or blue pen.
6. Write neatly and legibly.

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SECTION A

QUESTION 1

SCENARIO: TOYOTA CAPTURED PART OF THE LUXURY-CAR MARKET BY OFFERING THE LUXUS AS AN ALTENATIVE TO THE HIGHER PRICED MERCEDES AND BMW.

Successful firms understand what marketing strategy is and how it should be developed and executed to achieve success. Let's see how Toyota, a global auto manufacturer, integrated the different elements of the marketing mix strategy (product, price, place, and promotion) to launch Lexus in the United States of America (USA).



Until the early 1980s, the two dominant European brands in the U.S. luxury car market were BMW and Mercedes-Benz. Each brand had developed distinctive images in consumers' minds. The BMWs were associated with sophisticated engineering and the Mercedes with social status. The two brands also shared a common perception of being high-quality luxury cars. These images gave the two brands a commanding position in the marketplace. Thus, the conventional wisdom at the time was that the U.S. luxury-car market was closed to new entrants. The reasoning behind this belief was that the well-entrenched quality reputation of BMW and Mercedes, combined with strong loyalty of consumers to these brands, and the high costs of launching a competitive product, would make it difficult for a new firm to enter and convince customers to try the new product. Overall, the entry barriers were viewed as insurmountable.

However, in the late 1980s, Toyota challenged the conventional wisdom and introduced Lexus as a direct competitor to BMW and Mercedes in the U.S. luxury-car market. Toyota's strategy was to draw customers' attention to the high quality and superior performance of Lexus, while charging a lower price than either BMW or Mercedes. The strategy had two underlying rationales. Firstly, Toyota realised that potential customers had to be informed about the quality and performance of Lexus if they were to consider purchasing a new brand of luxury car. Secondly, Toyota recognised that pricing Lexus slightly lower than BMW and Mercedes would provide customers the incentive to test-drive Lexus. Toyota's product and pricing strategies incorporated these marketing considerations – Lexus was introduced as a high-quality luxury car at a competitive price.



Toyota also understood that creating a luxury brand image for Lexus would require a strategy that separated Lexus from other Toyota brands. Toyota accomplished this by developing two interrelated strategies. Firstly, it developed a new distribution system. It sold Lexus in showrooms exclusively devoted to the new brand, thus delinking the visible association between its famous Toyota nameplate and the newly introduced Lexus. Secondly, Toyota executed a comprehensive promotional strategy, which included ads for Lexus in deferent media including television, newspapers, radio, magazines, and billboards. The overall message was unmistakable that Lexus was a new brand of luxury car. The integrated marketing strategy with a cohesive and consistent message paid off. Soon after its launch, Lexus began to gain market share in the luxury-car market. Many people who test-drove the car liked its quality and performance and bought it. Now, twenty-five years later, having been established as a viable competitor in the U.S., Lexus competes well against other famous brands of luxury cars, imported, as well as domestic. The success of Lexus in the highly competitive luxury-car market highlights the significance of developing marketing strategies based on the understanding of both the internal organisational situation and external market conditions. Firms need strategy to succeed. They also need effective execution of strategies to succeed.

[Source: Adapted from *International Journal of Research Marketing, 1984*]

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1.1 How do you start a new market? (5)

1.2 How do you analyse a competitor? (6)

1.3 What are the FOUR types of marketing strategies? (4)

1.4 What is the competitor analysis framework? (8)

1.5 List FOUR strategies to be employed by Toyota to increase its market shares. (4)

1.6 Distribution remains the core element to be used by the organisation in ensuring that clients receive perfect service. Name THREE applicable elements of the marketing mix. (3)

1.7 Explain the difference between direct and indirect channels of distribution and further indicate whether they are applicable to the above scenario. (6)

1.8 Name TWO cars that Lexus seemed to compete with. (2)

1.9 Why did Toyota appear to be brave enough in challenging the two long-standing European brands? (6 × 2) (12)

[50]

TOTAL SECTION A: 50

SECTION B

QUESTION 2

2.1 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (2.1.1–2.1.10) in the ANSWER BOOK.

2.1.1 Ice cream is an example of private goods.

2.1.2 Private goods is an excluded and rival product.

2.1.3 Fresh air is one of the examples of public goods.

2.1.4 The direct channel allows consumers to buy the goods indirectly from manufacturer.

2.1.5 Consumer marketing refer to unfinished products largely bought by individuals.

2.1.6 Consumer marketing is the process of the business which markets goods and services with focus on the individual for personal use.

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2.1.7 Word of mouth is one of many types of marketing strategies.

2.1.8 The role of planning is to improve sales within the organisation.

2.1.9 Interactive marketing takes place between the customers and employees.

2.1.10 Marketing management aims at efficient operation of marketing activities.

(10 × 1) (10)

2.2 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 (2.2.1–2.2.10) in the ANSWER BOOK.

2.2.1 A function of marketing management that enables the firm to provide information about the product to the customers.

A Infrastructure
B Discount
C Promotional and communication process
D Intangibility

2.2.2 The marketer that bridges the gap between overall … of achieving high profit and maximising sales.

A natural resources
B organizational objective
C competition
D free gifts

2.2.3 The consumer is king, is …

A price incentive.
B free sample.
C Inseparability.
D consumer centric.

2.2.4 The process of collecting information related to consumer's needs, wants and demand, competitor's marketing strategies, changing market trends and preferences.

A Analysing market opportunity
B Intangibility
C Ownership
D Incentives

2.2.5 What is core role of marketing management?

A Revenue pricing
B Counter trade
C Helps in increasing the profit
D Profit making

2.2.6 … implies determination of various activities to be performed and assigning these activities to the right person.

A Land and buildings
B Capital equipment
C Organising marketing activities
D Packaging

2.2.7 … will help to track deficiencies, if any, which can be corrected beforehand.

A Screening
B Culture
C Material culture
D Evaluating and controlling

2.2.8 … presents the product details to consumers through media.

A Promotion
B Price
C Advertisement
D Distribution

2.2.9 The seller directly contacts the buyer and convinces him to buy the goods.

A Low-cost strategy
B Negotiations
C Description
D Personal selling

2.2.10 Marketing begins with identification of the market to which a marketer wants to enter; it requires a detailed investigation and examination of various markets and selection of attractive targets.

A Sales management
B Analysis
C Differentiation
D Focus strategy

(10 × 1) (10)

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2.3 Name FIVE types of markets and give ONE example to each. (10)

2.4 Give THREE types of consumer buying behaviour. (3)

2.5 Briefly discuss the following types of industrial buying situations.

2.5.1 Modified re-buy 

2.5.2 New task

2.5.3 Straight re-buy

(3 × 3) (9)

2.6 Briefly explain the following terms and further give TWO examples of routine purchases.

2.6.1 Complex buying behaviour (3)

2.6.2 Routine purchases  (5)

[50]

TOTAL SECTION B: 50

SECTION C

QUESTION 3

3.1 Name FIVE tasks as challenges of a marketing manager. (5 × 2) (10)

3.2 Give EIGHT skills needed by a marketing manager. (8)

3.3 How do competitors attract customers?  (7)

3.4 What are the THREE types and examples of a service market? (3 × 2) (6)

3.5 Discuss THREE general key responsibilities of a marketing manager. (15)

3.6 Name FOUR functions of marketing. (4)

[50]

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QUESTION 4

4.1 Explain FOUR strategies of target marketing. (4 × 2) (8)

4.2 Name FOUR types of promotion. (4)

4.3 Discuss SIX important marketing management factors which smoothen the process of exchange of ownership of goods and services from seller to the buyer. (6 × 4) (24)

4.4 Give a detailed explanation of the following marketing management marketing mix.

4.4.1 Production mix

4.4.2 Pricing mix

4.4.3 Promotional mix

4.4.4 Channel mix

(4 × 3) (12)

4.5 Define *target market*. (2)

[50]

TOTAL SECTION C: 100
GRAND TOTAL: 200

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