JUNE 2013 EXAMINATION
DATE: 12 JUNE 2013
TIME: 09H00 – 13H00 TOTAL: 100 MARKS
DURATION: 4 HOURS PASS MARK: 40%

(BUS-MKT3)
MARKETING MANAGEMENT 3

THIS EXAMINATION PAPER CONSISTS OF 2 SECTIONS:
SECTION A: CONSISTS OF 2 MARKETING PLAN QUESTIONS
ANSWER BOTH QUESTIONS (60 MARKS)
SECTION B: CONSISTS OF 2 MARKETING STRATEGY QUESTIONS
ANSWER BOTH QUESTIONS (40 MARKS)

INSTRUCTIONS:
1. Read the following instructions carefully before answering the paper, as failure to act upon them will result in a loss of marks.
2. Write your answers in your answer book, which is provided in the exam.
3. Ensure that your name and student number are clearly indicated on your answer book.
4. Write your answers in either blue or black ink in your answer book.
5. Read each question very carefully before you answer it and number your answers exactly as the questions are numbered.
6. Begin with the question for which you think you will get the best marks.
7. Note the mark allocations for each question – give enough facts to earn the marks allocated. Don't waste time by giving more information than required.
8. You are welcome to use diagrams to illustrate your answers.
9. Please write neatly – we cannot mark illegible handwriting.
10. Any student caught cheating will have his or her examination paper and notes confiscated. The College will take disciplinary measures to protect the integrity of these examinations.
11. If there is something wrong with or missing from your exam paper or your answer book, please inform your invigilator immediately. If you do not inform your invigilator about a problem, the College will not be able to rectify it afterwards, and your marks cannot be adjusted to allow for the problem.
12. This paper may be removed from the examination hall after the examination has taken place.
Power to the people – Avon confirms the rise of direct selling as a significant player

The tables have finally turned on traditional retail in the beauty and cosmetics category: direct-selling giant Avon has beaten its mega international cosmetic counterparts for the first time to scoop top spot. Two direct-selling companies sit securely in this year's top 10 – Avroy Shlain comfortably in fifth position – both nipping at the heels of the large cosmetic houses that have ruled the beauty roost for decades. Debbie Booth, strategic planning and insights consultant at TNS, says this is a first for non-traditional retail, confirming the rise of direct-selling as a significant player in this sector.

"The trend is showing that brands networked in a social environment are doing very well compared to those in a retail environment. This is a definite shift in this category to tighter competition, with Avon climbing steadily over the past couple of years," she says. Avon Justine's PR, internal communications and corporate affairs manager Vicky Saunders, attributes Avon's growing success to three key pillars: the first is, inevitably, great products researched and developed in the Avon laboratory in New York; the second is the earning opportunity individuals personally have through the direct selling model, the strength of which highlights relationship-building; and the third is Avon's reputation as the world's largest supporter of women's causes.

"What differentiates direct selling companies from the formal retail sector is that we give people across the world – in Avon's case, particularly women – the ability to earn their own income. When buying products from a direct-selling representative, you're directly helping her put food on the table, put her children through school, and to empower herself," says Saunders. Avon's various philanthropic efforts across the globe, its support of breast-cancer awareness programmes and its stance against violence against women are not the only factors that elevate the brand. Avon also holds brand "activations" or drives in malls, taxi ranks and universities to demonstrate product spread through direct-selling opportunities within communities. And most strategically the brand has brought some big name celebrities on board, including Black Eyed Peas singer Fergie promoting her own Avon fragrance range, and Hollywood actress Reese Witherspoon as Avon's global ambassador and honorary chairperson of the Avon Foundation for Women. Booth says the beauty and cosmetics category has seen a substantial 6% increase in usage since 2011. This positive show of growth in the sector means consumers are now spending more on themselves, which could be an indication of post-recessionary spending. The results showed that the more affordable brands are performing better than in previous years, with Garnier a new entry to the top 10. Garnier is aimed at a slightly lower income bracket than many of its competitors, so it is doing well to reach critical mass and relevance at the top sector of the market. By offering more accessible prices, the brand is bridging the gap between quality and affordability," she says. Yardley remains strong in the category, still in second position (last year to Estee Lauder), and by a marginal index of just 1.15 points. Fahima Saban, marketing manager at Indigo Brands, licence holder for Yardley in sub-Saharan Africa, says the brand's strength is rooted in its heritage, and has been renowned for decades for its classic fragrances and colour cosmetics. "The Yardley brand has always been about world-class beauty products at fantastic prices. We see ourselves as an affordable luxury."

SECTION A: MARKETING PLAN QUESTIONS (60 MARKS)

ANSWER BOTH QUESTIONS

QUESTION 1

Opportunity evaluation and market analysis are often a useful starting point for marketing managers engaged in the planning and evaluation of marketing activities.

Consult to the marketing team of Avon on the importance and value of opportunity evaluation and market analysis in the highly competitive South African direct-selling cosmetic market. [10]

QUESTION 2

In 2011, the beauty and cosmetics company Avon has seen a substantial 6% increase in usage. However, Avon wants to increase its sales in South Africa by 10% in 2013.

Develop a comprehensive marketing plan for Avon that will enable it to create a greater awareness of the products and services of the company in both the low and middle-income group in South Africa. The plan must also provide strategies and recommendations to enhance the recruitment of these two income groups into the customer profile of Avon from 2013 onwards. [50]

[60]
SECTION B: MARKETING STRATEGY QUESTIONS (40 MARKS)

ANSWER BOTH QUESTIONS

QUESTION 1

To strengthen its current position in the market, Avon must develop a new brand management strategy that will reflect its values in the market place.

Consult to the marketing team of Avon on how they should develop a brand management strategy. [30]

QUESTION 4

Illustrate in tabular form the different sales promotion objectives and programmes that Avon can use to enhance its sales figures during 2013. [10] [40]

Section A: 60 marks
Section B: 40 marks
TOTAL: 100 MARKS