NOVEMBER 2013 EXAMINATION

DATE: 13 NOVEMBER 2013

TIME: 09H00 – 13H00

DURATION: 4 HOURS

TOTAL: 100 MARKS

PASS MARK: 40%

MARKETING MANAGEMENT 3

THIS EXAMINATION PAPER CONSISTS OF 4 SECTIONS:

SECTION A: CONSISTS OF:
(i) 10 MULTIPLE-CHOICE QUESTIONS (10 MARKS)
(ii) 5 TRUE OR FALSE QUESTIONS (10 MARKS)
(iii) 10 MATCHING-STATEMENT QUESTIONS (10 MARKS)

ANSWER ALL THE QUESTIONS

SECTION B: CONSISTS OF 2 SHORT QUESTIONS

ANSWER ALL THE QUESTIONS (10 MARKS)

SECTION C: CONSISTS OF 1 LONG ANSWER QUESTION

ANSWER THE QUESTION (40 MARKS)

SECTION D: CONSISTS OF 2 INTERPRETATIVE QUESTIONS

ANSWER ONE OF THE QUESTIONS (20 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.
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.
(i) MULTIPLE-CHOICE QUESTIONS

Choose the correct option for each of the following. Write only the question number and your chosen answer. For instance, if you think that the correct answer for number 1 is (a), then write it as 1. (a).

1. Which of the following does not refer to the Macro-environment?
   (a) Technology
   (b) Competitor analysis
   (c) Customer analysis
   (d) Economics

2. The term Primary Demand is best described as:
   (a) The analysis of key issues in an organisation
   (b) The total industry demand for a given product category
   (c) An indicator of the market that the organisation holds
   (d) Is the most important element of the marketing plan

3. Which statement best describes how long-term term objectives are to be achieved in a business:
   (a) Mission statements
   (b) Long-term goals
   (c) Identifying and implementing Strategies
   (d) Vision statements

4. The marketing audit consists of six basic areas. Which of the following statements explains the Marketing environment audit?
   (a) Examines organisational structure
   (b) Examines profitability and cost effectiveness
   (c) Reviews marketing objectives and strategy
   (d) Analyses the macro and micro marketing environment

5. Identify the benefits of case studies:
   (a) They are 'static' and reflect the situation at a specific point in time
   (b) Simulate the real world
   (c) Tailor-made and demonstrate impact of specific strategies
   (d) (b) and (c)

6. Pricing strategy includes the following
   (a) demand-based pricing
   (b) break-even analysis
   (c) competition based-pricing
   (d) All of the above.
7. Which one of the following is not a stage in the product life cycle:

(a) Introductory
(b) Mortality rate
(c) Maturity
(d) Growth

8. Which of the following statements explain how the Return on Investment (ROI) formula can be used to make strategic business decisions?

(a) Setting targets
(b) Comparing different divisions
(c) Comparing financial performance over specific years
(d) All of the above.

9. Identify the advantages of Television promotion.

(a) Low costs
(b) High reach
(c) Combines sight, sound and motion
(d) (b) and (c)

10. There are a range of sales promotion tools available, it is therefore important that the sales promotions planner considers the following:

(a) The type of market
(b) Cost effectiveness
(c) Sales promotion objectives
(d) All of the above. [10]

(ii) TRUE OR FALSE QUESTIONS

Indicate whether the following statements are True or False. Motivate all your answers.

1. Strategic marketing deals with developing, implementing and controlling programs for facilitating exchanges to achieve designated intentions.

2. Marketing management focuses on a business’ intentions in a market and the means and timing of realising those intentions

3. One of the trends, which support continuation of strategic marketing, are demographic shifts in society, which have created a new customer environment.

4. Competition from overseas has no impact on strategic marketing

5. Knowing and understanding competition is nice to have information for the business. [5 × 2 = 10]
(iii) MATCHING-STATEMENT QUESTIONS

Match the statements in Column B to the terms in Column A. Write down the answers only, for example 1. (a).

<table>
<thead>
<tr>
<th>Column A</th>
<th>Column B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. strengths</td>
<td>(a) is placing a brand in that part of the market where it will receive a favourable reception compared to competing products</td>
</tr>
<tr>
<td>2. weaknesses</td>
<td>(b) is to list in a precise manner what you need to look for in evaluating a company's strengths, weaknesses, opportunities and threats</td>
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<tr>
<td>3. opportunities</td>
<td>(c) changing buyer needs and tastes</td>
</tr>
<tr>
<td>4. threats</td>
<td>(d) expand product line to meet broader range of customer needs</td>
</tr>
<tr>
<td>5. SWOT analysis</td>
<td>(e) refers to sales growth</td>
</tr>
<tr>
<td>6. generic strategy</td>
<td>(f) obsolete facilities</td>
</tr>
<tr>
<td>7. competitive strategy</td>
<td>(g) products that generate large amounts of cash</td>
</tr>
<tr>
<td>8. segmentation</td>
<td>(h) better manufacturing capability</td>
</tr>
<tr>
<td>9. cash cow</td>
<td>(i) consists of a large identifiable group within a market with similar wants, purchasing power and geographical location</td>
</tr>
<tr>
<td>10. Positioning</td>
<td>(j) refers to market share</td>
</tr>
</tbody>
</table>

[10]  

[30]
SECTION B: SHORT QUESTIONS (10 MARKS)

ANSWER BOTH QUESTIONS

QUESTION 1

Market segmentation is one of the most important aspects of strategic market planning. List and explain the five criteria to be used to ensure effective segmentation.

[5]

QUESTION 2

Marketers usually identify niches by dividing a segment into sub-segments or by defining a group seeking a distinctive mix or benefits. List five characteristics of an attractive niche market.

[5]

[10]
Carefully read the information below before answering the question that follows:

**Nineteen (19) Million Loyal Shoppers Can't be Wrong - Shoprite delivers on its low-price promise**

While South African consumers may be relaxing a little and showing a willingness to spend more, it is no time for retailers to become complacent. Neil Schreuder, marketing director of Shoprite, says the retailer’s low-price focus remains single-minded and relentless, regardless of the impact that the recession, or the aftermath of the recession, has had on the consumer. He points out that the success of this approach is illustrated by the fact that Shoprite now has more than 19 million loyal individual shoppers who it serves, by far the most of any supermarket brand in South Africa. “Our brand has been built on the premise of 'lower prices you can trust, always' both before and since the economic recession. We will continue to aggressively advertise our commitment to low prices on the basic items that people buy across the board,” Schreuder says.

“The South African retail environment is fairly mature, and has indeed become extremely competitive over the past few years. Walmart’s entry is just another addition to this dynamic and will not necessarily revolutionise the marketing landscape. We have dealt with strong competition since Shoprite’s inception over 40 years ago, and have outlasted, and indeed acquired, many competitors that were much larger than Shoprite.” He adds: “With an early move into centralised distribution, we have ensured that we can deliver products to our customers with military-like efficiency. The room for competitors to manoeuvre in cutting costs and offer even lower prices is limited.” Shoprite also invests a lot of effort into genuine community involvement, which the retailer considers to be imperative to remain relevant and for the brand to outlast the competition.

Neil Higgs, senior advisor and head of innovation at TNS South Africa, says the Grocery and Convenience Store category remains stable. “As things stand, there is no chance of another brand taking first place from Shoprite, as the brand is well ahead of its nearest competitors. Pick n Pay continues to do well, and Spar remains a favoured brand. “Woolworths’ improvement in customer rankings was a dominant story last year. However, this year it appears that the brand may have lost its way a bit, as well as being hit by some negative public relations publicity.”

During the recession, most of the wholesaler brands, of which Makro is the largest, showed improvement in their Top Brands rankings. Makro has continued to build on this success, moving ahead of its rival, Fruit & Veg City, by two points this year. Bronwen Rohland, marketing director of Pick n Pay, says that with 60 million customer transactions a month, the retailer has 60 million chances to make sure that every transaction with its customers helps uphold its brand values. The retailer is also an innovator, and its Smart Shopper cards are having a significant impact on the market. “After just one year, we have 5.3 million members who are using their Smart Shopper cards to make tangible savings, Rohland says.

**QUESTION 1**

Develop a distribution strategy for Shoprite. The purpose of the strategy should be a guide on the most suitable distribution alternative available in South Africa.

Use the following as a guideline:

- Distribution strategy
- Distribution alternatives
- Exclusive distribution
• Intensive distribution
• Selective distribution
• Distribution policies
• Classification
• Consumer behaviour
• Form of distribution
• End users
• Product characteristics
• Financial and control considerations
• Types of distribution channels
SECTION D: INTERPRETATIVE QUESTIONS  

(20 MARKS)

ANSWER ONE OF THE QUESTIONS

QUESTION 1
You are working for a consulting company in South Africa, called Blue Purple Consulting. The company is based in Johannesburg and consult to Shoprite that wants to expand its market share further in South Africa. You have been allocated the Shoprite portfolio and are required to assist them in the development of a marketing plan. The plan must guide Shoprite on how to successfully strengthen and increase their brand in South Africa from 2013 onwards. [20]

OR

QUESTION 2
Write a two-page essay in which you explain, with the use of practical examples, the aspects that Shoprite must consider when developing a pricing strategy for the low income market in 2013. [20]

Section A: 30 marks  
Section B: 10 marks  
Section C: 40 marks  
Section D: 20 marks  
TOTAL: 100 MARKS