

**UNIVERSITY OF SWAZILAND**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**FINAL EXAMINATION MAY 2005**

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- TITLE OF PAPER** : PRINCIPLES OF MARKETING *BA 113*
- DEGREE AND YEAR** : DIP. COMM 1
- TIME ALLOWED** : TWO (2) HOURS
- INSTRUCTIONS** :
1. TOTAL NUMBER OF QUESTIONS ON THIS PAPER 5
  2. ANSWER SECTION A WHICH IS COMPULSORY AND ANSWER ANY TWO (2) QUESTIONS FROM SECTION B.
  3. THE MARKS AWARDED FOR A QUESTION/PART OF QUESTION ARE INDICATED ALONG SIDE THE QUESTION / PART OF THE QUESTION.

**NOTE :** MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH LANGUAGE AND FOR ORDERLY PRESENTATION OF WORK.

**SPECIAL REQUIREMENTS:** NONE

**THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.**

## **SECTION A : COMPULSORY**

### **QUESTION 1 : IONICS, INC. - THE WAVE OF THE FUTURE**

When in early 1991 the Iraqi army opened Kuwaiti oil reservoirs and sent oil gushing into the Persian Gulf, the world was shocked. But people weren't concerned about the waste of valuable oil - they were concerned about the wanton destruction of invaluable water.

Experts predict that in the 1990s clean water will replace oil as the natural resource of chief concern to the nations of the world. Population growth, increasing industrialization, and many other factors threaten the earth's limited fresh water supply. Each of these factors requires the use of massive amounts of clean water and each can produce polluted water.

Worldwide water problems open opportunities to companies able to understand the variables operating in this complex international marketplace. Ionics, Inc., of Watertown, Massachusetts, seems to be such a company.

Ionics markets products applicable to all phases of the water problem. For example, the first step in cleaning up water is to discover what is polluting it. Ionics is a leading manufacturer of analytic instruments and chemicals to test for water pollution and of equipment to purify it.

Ionics is also involved in the highly competitive consumer water business. A survey by the International Bottled Water Association showed that by late 1990 over six hundred brands of bottled water were available in the United States alone. Even Ionics's small share of this market provides about 20 percent of its total revenue.

But the bulk of the business of Ionics, Inc., is not in testing water or in providing pure water but in removing unwanted chemicals and other contaminants from unusable water. About 60 percent of total revenue comes from building and selling desalination plants all to countries, cities, and private industry.

Ionics has built more than two thousand such plants all over the world, including several in the Middle East. And demand is growing rapidly as pure water becomes scarcer. Even in the United States, particularly in drought-stricken California, cities are seriously considering desalination to provide domestic water.

According to Arthur L. Goldstein, president and chief executive of Ionics, Inc., "You build a desalination plant when three things come together: Bad water, money and some kind of change," such as a sudden population shift or higher government standards for domestic water purity.

Bad water, money, and change also affect the recycling of industrial water supplies. One of the most important changes expected in this market is more stringent government regulation of wastewater discharges. Under stricter standards, water-dependent industries may find it cost-effective to recycle their own water, creating an increased demand for the kinds of chemicals, equipment, and technical expertise that Ionics has already proven it has.

Ionics appears to have read the external variables well and stands poised to take advantage of the coming together of bad water, money, and the changing environment in the 1990s.

**Questions**

1. **How important to Ionics is the international environment?** (5 Marks)
2. **Which elements of the marketing environment should Ionics monitor? Why?** (20 Marks)

**TOTAL 25 MARKS**

**SECTION B****INSTRUCTIONS****ANSWER ANY TWO (2) QUESTIONS FROM THIS SECTION****QUESTION 2**

- a. Discuss the five different marketing philosophies and the challenges they pose to marketers. (15)
- b. Distinguish between a Marketing Information System (MIS) and marketing research. (10)

**TOTAL 25 MARKS****QUESTION 3**

- a. Discuss the methods of forecasting market demand. (15)
- b. Briefly explain the five individual product decisions that a firm needs to make. (10)

**TOTAL 25 MARKS****QUESTION 4**

- a. Using a diagram, explain the Product Life Cycle discussing the marketing strategies a marketer can use. (13)
- b. Discuss the methods used in setting the advertising budget. (12)

**TOTAL 25 MARKS****QUESTION 5**

- a. Discuss the functions of distribution channels. (8)
- b. What are the internal factors to consider in pricing? (12)
- c. How can cultural factors influence consumer behaviour? (5)

**TOTAL 25 MARKS**