

**UNIVERSITY OF SWAZILAND**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**SUPPLEMENTARY EXAMINATION JULY 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 : QUENCHING SMALL BUSINESSES THIRST

Coca-Cola USA's research found that there are approximately one million American workplaces, employing less than fifty people, that do not have soft drinks available on site. Apparently there two reasons why soft drinks are not found in some workplaces. First, low sales volumes are not sufficient to support a standard soda machine. Second, a soft drink machine is too large for the "break area" in many workplaces.

Coca-Cola found a way around the size problem by developing a small machine that it calls the BreakMate. The BreakMate is about the size of a microwave oven and dispenses fountain drinks (the kind found in fast-food restaurants) in 6.5 ounce cups. BreakMate machines can handle up to three different products - for example, Diet Coke, Coke, and Sprite - and can make them available at a cost of about 25 cents per serving.

Before it began promoting the BreakMate to businesses, Coca-Cola established a network of more than 400 office coffee and water vendors to distribute the BreakMate machines and the soft-drink syrup to these small businesses. To promote this service to small businesses Coke mailed a direct mail piece that focused on the convenience of having an in-house soda dispenser to office managers and presidents of small businesses. The promotion also conveyed the fact that the BreakMate is easy to use, easy to maintain, and free.

The first mailing was a four-color self-mailer (a mailing that does not require a separate envelope) held closed with a gold seal. The prospect who unfolded the self-mailer four times found a life-size poster of the BreakMate. In an effort to reinforce size as a key selling point, prospects were encouraged to display the poster next to their coffee machine to see how the real thing would fit into their work environment. They were also provided with an 800 number to call to contact their nearest coffee or bottled water dealer who would distribute BreakMates and syrup.

As businesses reply to Coca-Cola's direct mail campaign, Coke is gathering information to build a database of small businesses. They want to include who the decision maker is, what he or she does, and what motivates the individual.

Coca-Cola Company received thousands of responses to its direct mailpieces. Coca-Cola now has about sixty thousand BreakMate machines pumping more than 1 million gallons of syrups in workplaces. It predicts that BreakMates will be dispensing as many as twenty million gallons by 1999.

**Questions**

1. **By using direct mail as its primary advertising medium to reach prospective customers, what advantage(s) of direct marketing is Coca-Cola using?**  
(10 Marks)
2. **Why is Coca-Cola gathering information from those who respond to its mailings for a database?**  
(15 Marks)

**TOTAL: 25 MARKS**

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

- a. Discuss the three levels of a product. (15)
- b. What are the four major types of consumer goods? Give an example of each. (10)

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

- a. Distinguish between market skimming and market penetration. (10)
- b. Discuss the three general pricing approaches and use an example to illustrate the main characteristic unique to each approach. (15)

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

- a. List and briefly identify the major channel functions performed by wholesalers. (15)
- b. As a marketing major, you have been asked by the University of Swaziland to recommend ways in which they can improve the operations at the bookshop. How would you use your knowledge of marketing research to help them? (10)

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

- a. What is the difference between reach, frequency and impact? (10)
- b. Discuss the basis for segmenting a market. (15)

**TOTAL 25 MARKS**