

**UNIVERSITY OF SWAZILAND  
FACULTY OF COMMERCE  
DEPARTMENT OF BUSINESS ADMINISTRATION  
MAIN EXAMINATION PAPER      MAY 2005**

**TITLE OF PAPER           :**     **PRINCIPLES OF MARKETING**

**DEGREE AND YEAR       :**     **DIP. COM. III**

**TIME ALLOWED           :**     **THREE (3) HOURS**

**COURSE CODE           :**     **BA 321 & IDE-BA 321**

**INSTRUCTIONS         :**     **1. TOTAL NUMBER OF QUESTIONS IN THIS PAPER (5)**

**2. SECTION A IS COMPULSORY. ANSWER ANY TWO QUESTIONS FROM SECTION B**

**3. THE MARKS TO BE AWARDED FOR EACH QUESTION ARE AS INDICATED ALONGSIDE THE QUESTION**

**NOTE:           MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY AND NEAT PRESENTATION OF WORK. FURTHER MARKS WILL BE AWARDED FOR THE USE OF RELEVANT EXAMPLES**

**SPECIAL REQUIREMENTS:   NONE**

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

**CASE STUDY: THE MAIN ATTRACTION OF PEP STORES**

“The main attraction of Pep Stores is price”, says Basil Weyers, managing director of Pep Stores. “We sell consistently at low prices. We never have a sale. Ours goods are offered every day at sale prices. We offer value for money.” Pep Stores has a very low mark-up and is proud of its claim that it is the cheapest store in town.

Pep has a uniform pricing policy which ensures that an item will cost the same at any Pep store. Pep’s policy is to sell quality products at a low price to the lower-income group.

But just how does Pep succeed in offering continuously low prices? There are a number of contributing factors, some of which are included below:

- a) Volume bargaining power
- b) Lean management structure
- c) Simplified systems
- d) Tight cost controls
- e) Pep is a cash store, which eliminates bad debts and lost interest on outstanding payments. To help the consumer lacking the necessary purchasing power, Pep has a lay-by system and also accepts credit cards.
- f) Pep owns some of its suppliers, making cost and quality control easier
- g) The staff is small but very well trained, which makes staff members effective and productive
- h) The outlets are small and relatively simple
- i) Pep is saving by curbing stock losses.

Any competitor thinking of competing against Pep will have to consider the above achievements carefully.

**QUESTIONS**

- i) How does Pep price itself relative to the competition? [10 marks]
- ii) What is the Pep policy towards credit? [5 marks]
- iii) What factors have affected the pricing followed by Pep? [10 marks]
- iv) Suggest price adjustment strategies that Pep could adopt [15 marks]

**SECTION B      ANSWER ANY TWO QUESTIONS FROM THIS SECTION**

**QUESTION TWO**

- a) In your own words, define the term marketing, and write down its various elements [5 marks]
- b) Compare the marketing and the sales concepts [5 marks]
- c) Analyse the BCG matrix, and, with the use of examples, explain how a company can use it to develop its portfolio [15 marks]

**QUESTION THREE**

- a) Describe the micro environmental factors, and show how they impact on a company's operations [10 marks]
- b) Develop a marketing research plan using all the steps in the marketing research process [15 marks]

**QUESTION FOUR**

- a) Use the VALS 2 to illustrate the concept of psychographic segmentation [15 marks]
- b) What is a brand? [2 marks]
- c) By use of a diagram, discuss the product life cycle [8 marks]

**QUESTION FIVE**

- a) Outline the four major levels of consumer marketing channels [5 marks]
- b) List and describe each of the five major tools in the marketing communications mix [10 marks]
- c) By use of a diagram, discuss the societal classification of products [10 marks]