

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
SUPPLEMENTARY EXAMINATION PAPER JULY 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 EASY WAVES

Easy waves, a company producing black haircare products, initially introduced its products in the key townships of the Gauteng area. Due to budgeting constraints, it was decided to concentrate first on Soweto and the east Gauteng townships. Consumers in these areas were also regular shoppers in the chain stores such as OK bazaars.

The distribution of Easy Waves presented many challenges. At first, the sales function for Easy Waves was handled by agents, who also worked for other businesses selling their products. The listing of Easy Waves with the major chains in both the wholesale and retail sectors proved to be difficult, yet management recognised it as an essential requirement for long-term success. Acceptance of easy Waves for sale in the key chain stores was achieved only after numerous presentations. Some of the problems that needed to be overcome were:

- a) Buyers apparently preferred dealing with larger established companies or multinationals, rather than supporting smaller, innovative companies
- b) Extremely large discounts and incentives were required to gain listings and this, of course, squeezed the profit margins of easy Waves
- c) Agents did not give priority to Easy Waves products, which resulted in inadequate stock levels and low shelf-space shares.

The eventual successful trade acceptance of Easy Waves was due largely, in the opinion of easy Waves management, to push and pull forces. Examples of push forces included promotional discounts to the trade, while pull forces included sophisticated marketing techniques such as superior packaging and creative advertising campaigns. The background of the Easy waves management in both toiletries and marketing, along with its persistence and commitment, helped to break down trade resistance.

Once the listing with the major chain stores had been achieved and maintained, the focus shifted to distribution in other provinces. In order to gain quick distribution in these areas, incentives were offered to agents, over and above normal agency commission rates, for reaching agreed-upon sales and distribution targets. To help achieve this and to generate co-operation from the trade, a number of sales promotion techniques were used:

- a) co-operative advertising
- b) in-store promotional displays
- c) free-stock deals and promotional money
- d) demonstrations in stores

QUESTIONS

- i) Where did easy Waves first try to get distribution? [5 marks]
- ii) With what types of middlemen did Easy Waves deal? [5 marks]
- iii) Why was there resistance from the middlemen to easy waves? [10 marks]
- iv) Give examples of what Easy Waves did to succeed in distribution. What else could it have done? [10 marks]
- v) What promotional techniques did easy Waves use to get quick distribution in the rural areas? [10 marks]

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

- a) Show how Abraham Maslow's Hierarchy of needs theory can be used to motivate consumers [5 marks]
- b) Compare the production and product marketing concepts [5 marks]
- c) Discuss the factors that distinguish business markets from consumer markets [15 marks]

QUESTION THREE

- a) Describe the macro environmental factors, and show how they impact on a company's operations [10 marks]
- b) By use of a diagram, discuss the marketing information system and show how each element of the MIS fits into the others [15 marks]

QUESTION FOUR

- a) Discuss the variables for segmenting markets [15 marks]
- b) By use of examples, describe the various classifications of product [10 marks]

QUESTION FIVE

- a) Describe the internal and external factors that influence pricing decisions [15 marks]
- b) Discuss the criticisms against marketing based on individual consumers [10 marks]