

**UNIVERSITY OF SWAZILAND**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**  
**SUPPLEMENTARY EXAMINATION JULY 2007**

**TITLE OF COURSE:**        **MARKETING RESEARCH (BA 422)**  
**DEGREE AND YEAR:**    **BACHELOR OF COMMERCE YEAR 4/  
IDE BACHELOR OF COMMERCE YEAR 6**

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

**INSTRUCTIONS:**

1.    **TOTAL NUMER OF QUESTIONS ON  
THE PAPER IS 6**
2.    **ANSWER QUESTION 1 IN SECTION A  
AND ANY THREE (3) QUESTIONS FROM  
SECTION B**
3.    **MARKS AWARDED ARE INDICATED AT  
THE END OF EACH QUESTION**
4.    **MARKS WILL BE AWARDED FOR GOOD  
COMMUNICATION IN ENGLISH  
LANGUAGE AND FOR ORDERLY  
PRESENTATION OF YOUR WORK**

**SPECIAL REQUIREMENTS:**    **NONE**

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

## INSTRUCTIONS

ANSWER SECTION A AND ANY THREE (3) QUESTIONS FROM SECTION B.

### SECTION A: (COMPULSORY)

#### QUESTION 1: AMERICAN STANDARD INC.

When a New York based American Standard Inc., the world's largest supplier of plumbing fixtures, first entered the Korean market, its managers expected immediate profits. After all, Korea's rapid industrialization had transformed it into one of Asia's largest markets for bathroom fixtures, second only to Japan. Furthermore, the company was selling fixtures that were higher in quality than any sold by native firms. Acrylic bathtubs, countertop sinks, and one-piece toilets were still novelties in Korea, and American Standard expected its gleaming, fashionably designed fixtures to be a big hit.

Unfortunately, American Standard was not an overnight success in Seoul. Sales were much lower than expected, building contractors were slow to buy, and distributors were reluctant to carry the unfamiliar brand. The company did not give up, however. Instead, David Van Hise, managing director of American Standard Korea Inc., looked beneath the surface to define the real problem.

David found that American's poor sales were merely a symptom; the true problem was Korea's rigid distribution system which was controlled by local manufacturers. Distribution in Seoul, South Korea's largest city, was limited to affiliates of Korean fixture companies, and American Standard could not find a dealer willing to carry its products. "We were faced with a lock-out situation," says David. "We needed distributors who had a relationship with the major manufacturers. Otherwise, if their clients bought our product, they would get cut off by our competition."

Rather than fighting a fruitless battle in Seoul, David sought a distributor in Korea's next largest cities, Pusan and Taegu. He managed to persuade Chul Wong, chairman of Home Center, to take a chance on the foreign line. "I could take on American Standard because I have been in this business for 28 years," said Wong. "It's true that local companies believed it would hinder their business, but it is beneficial in the long run for them to compete against a company of better quality."

In addition to creating a distribution network through Home Center, David took the novel step of sending American Standard teams to building sites to sell directly to constructors. Korea constructors resisted at first, until the nation's housing boom created a shortage in domestic fixtures. Unlike local competitors, American Standard offered the contractor a conveniently integrated package of matching faucets, toilets, and bathtubs, and Korea construction companies started buying.

In a recently industrialized country such as Korea, it might seem logical to focus on low end, reasonably priced products. When it came to faucets, however, Van Hise's research convinced him that the company should concentrate on marketing its upscale, single-lever models. One reason was that single-lever faucets were easier to adjust than their two-lever counterparts. A still more important reason, however, was Korea's tap water. Cheaper faucets rely on rubber disks to regulate water flow and temperature, and Korean water, which is laden with sand particles, wears them out quickly. The single lever faucet feature ceramic, aluminum oxide disks that hold up much better to the constant abrasion. American Standard's marketing research is paying off. The company now controls 16 percent of Korea's brass faucets market, and Van Hise expects sales to increase 5 percent to 7 percent annually. Profits have increased fivefold since inception, and are projected to grow 20 percent during the next three years.

Perhaps the most visible sign of American Standard's success, however, is the change it was introduced to in Korean market practices. In a country where locally made one-piece toilets still come with instructions, American Standard has made its Western style fixtures a status symbol. "To come into this market with a \$500 toilet was inconceivable," says Van Hise. "But the bathroom is becoming more an area for leisure relaxation. That is a factor in bathroom marketing." A Korean competitor recently paid the company the ultimate compliment of copying its marketing theme – aesthetics and comfort – for its own brochure. As van Hise wryly notes, this approach was unheard of before American Standard entered the market.

**Questions:**

1. Could American Standard have conducted any marketing research before entering Korea that might have given managers a better idea of what to expect? Explain. (10)
2. Suppose that Van Hise hires you as director of marketing research in Korea, what research initiatives would you recommend to expand the company's market share? (15)

**TOTAL: 25 MARKS**

**SECTION B**

**ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION**

**QUESTION 2**

- a. Imagine that the profits of an organization you work for are starting to decline. What steps in the research process would you use to solve the problem? (15)
- b. Contrast basic and applied marketing research. (10)

**TOTAL: 25 MARKS**

**QUESTION 3**

- a. **Discuss five types of systematic sampling error. (15)**
- b. **What are the typical components of the executive summary in a research report? (10)**

**TOTAL: 25 MARKS**

**QUESTION 4**

- a. **What are the main types of experimental designs? What are the problems associated with experimental research? (15)**
- b. **Discuss the major sources of secondary data. (10)**

**TOTAL: 25 MARKS**

**QUESTION 5**

- a. **What are the advantages and disadvantages of the observation method of conducting marketing research? (15)**
- b. **Choose five procedures for choosing a sample and discuss how a researcher can use each method to choose his sample. (10)**

**TOTAL: 25 MARKS**

**QUESTION 6**

- a. **Discuss five unethical practices of researchers. (15)**
- b. **What is validity? Discuss the ways in which validity of a measurement is assessed. (10)**

**TOTAL: 25 MARKS**