

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION PAPER MAY 2008

TITLE OF PAPER : PRINCIPLES OF MARKETING
COURSE CODE : IDE-BA 321-1
DEGREE AND YEAR : DIPLOMA IN COMMERCE (IDE - LEVEL 4)
TIME ALLOWED : TWO (2) HOURS

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.

SECTION A CASE STUDY CAPTURING THE YOUTH MARKET

Source: Machado, R. and Cassim, S. (2002), Marketing For Entrepreneurs, Juta & Co. Ltd., Cape Town, second edition.

It was while studying for a Business Science Honours degree at UCT in 1987 that Larry Katz first realised the potential of South Africa's youth publishing market. He started out publishing student leisure guides, voucher booklets and study guides, and when he saw the response he completed his degree and launched *Student Life* magazine. Now, Katz (29) heads a R15m/year business, Student-wise, which offers a range of services to the youth market including job placements, magazine and online publishing, and event management business, advertising brokerage and subscription sales.

"The company offers communications solutions to advertisers wanting to penetrate the youth market," says Katz. A loyalty programme called SLYcity aims to have 100, 000 "citizens" by January 1, made up of existing subscribers and 50, 000 ABSA student account holders. His latest venture is Y magazine, targeted at black youth and published jointly with *Yfm*, which complements the readership of SL (as *Student Life* is now known) in reaching the complete youth spectrum. Launched in 1994, with a circulation of 25, 000, SL was last year renamed to reposition it as a more broadly based youth title. "The magazine was catering to the wider youth audience and the student labelling was inhibiting the magazine's growth," says Katz. Using an acronym neatly solves the problem of renaming the title while retaining its identity, and as publishers of such overseas titles as *GQ* (*Gentleman's Quarterly*) and *FHM* (*For Him Magazine*) have discovered, acronyms create a bond among the insiders who alone know what the letters stand for. The two titles are now part of SLY-media, which also publishes a national student diary. It had 50, 000 advance orders this year.

Though Katz got into youth publishing for the classic reason (meeting and unserved gap for goods and services required by the target market), many have tried before him and failed. The reason, he argues, is that "they sent a message of cheapness. This market has disposable income, and it doesn't want cheaply printed low-quality publications."

Katz had been pondering the launch of a black title for two years, so "when the IBA granted *Yfm* a licence we watched with interest. *Yfm* has been an astounding success, with 30% penetration into the affluent groups. The brand *Y* is probably the most powerful thing they have." Into the deal went a minimum of R1m of annual airtime to promote the magazine, and the involvement of *Yfm* management and DJs on the steering committee. "It is quite a thought-provoking read. Together we believe these magazines will occupy a strong position in the youth market and there will be synergy and discourse between the two titles. With *SL*'s credibility and *Y*'s commitment to marketing there has been a lot of advertising support. We are hoping to develop our relationship with *Yfm*. There is scope for us to get involved in joint event management."

Katz's success has already attracted approaches from major media groups but so far he has resisted buy-out attempts. "Our growth has been completely organic," he says. The next ambition is a listing on the stock exchange.

QUESTIONS

- a) Describe the segmentation strategy used by Larry Katz **(5 marks)**
- b) Discuss the other segmentation variables and show how Larry Katz would have used them in this case **(15 marks)**
- c) Discuss the various positioning strategies and show how Larry Katz would have used them in this case **(15 marks)**
- d) Develop a marketing mix strategy for Larry Katz **(15 marks)**

SECTION B ANSWER ANY TWO QUESTIONS FROM THIS SECTION

QUESTION TWO

With the use of practical examples, give detailed definitions of the following promotional elements:

- a) Advertising **(5 marks)**
- b) Sales Promotion **(5 marks)**
- c) Personal Selling **(5 marks)**
- d) Publicity and Public Relations **(5 marks)**
- e) Direct Marketing **(5 marks)**

QUESTION THREE

- a) Describe the major functions of channels of distribution **(10 marks)**
- b) With the use of practical examples, discuss the price adjustment strategies available to a firm **(15 marks)**

QUESTION FOUR

- a) Why do so many new products fail in the market? **(5 marks)**
- b) By use of a diagram, discuss the stages in the product life cycle. In your discussion, identify the characteristics of each stage and describe the marketing strategies to be used at each stage **(20 marks)**

QUESTION FIVE

Fully discuss the steps in the marketing research process **(25 marks)**