

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS MANAGEMENT
PRINCIPLES OF MARKETING – CBU 1209

FINAL EXAMINATION - JUNE 2007
TIME ALLOWED 3 HOURS

INSTRUCTIONS TO CANDIDATES

- *Answer section A and any three others.*

Section A
(Compulsory)

1. When a product's costs are too high for the market, which philosophy of business is appropriate for improving the company's position?
 - (a) The marketing concept
 - (b) The product concept
 - (c) The production concept
 - (d) The social marketing concept
 - (e) The selling concept

2. Which of the following statements about strategic business units is (are) true?
 - (a) SBUs can be planned independently from other company businesses.
 - (b) SBUs have a separate mission and objectives.
 - (c) SBUs can be a single product or brand.
 - (d) All of the above
 - (e) A and B only

3. Laws that prevent companies from neutralizing competition reflect which reason for the existence of legislation affecting business?
 - (a) To protect companies from each other.
 - (b) To protect consumers from unfair business practices.
 - (c) To protect the interests of society.
 - (d) To protect businesses from unfair consumer demands.
 - (e) To protect businesses from unfair societal demands.

4. When a manager knows that something is wrong but is unsure of the specific causes, the marketing research process is most likely in which of the following stages?
 - (a) Defining the problem.
 - (b) Developing the research plan.
 - (c) Implementing the research plan.
 - (d) Interpreting and reporting the findings.
 - (e) Taking corrective action.

5. All of the following are personal factors influencing a buyer's purchase decision except:
 - (a) age and life-cycle stage.
 - (b) occupation.
 - (c) self-concept.
 - (d) lifestyle.
 - (e) culture.

6. Consumer expectations regarding total product satisfaction as it varies with different levels of product attributes is central at which concept associated with the evaluation of alternatives?
 - (a) Product attributes.
 - (b) Degrees of importance.

- (c) Brand beliefs.
 - (d) Utility function.
 - (e) All of the above.
7. The key to successful systems buying and selling as a marketing strategy lies in:
- (a) providing the lowest costs on components.
 - (b) providing the lowest costs on services.
 - (c) providing the highest quality components.
 - (d) providing the highest quality service.
 - (e) providing the most complete system for meeting the customer's needs.
8. The formula, $Q = n \times q \times p$, where n = the number of buyers in the market, q = the quantity purchased, and p = price of an average unit, is a common way to estimate:
- (a) Total market demand
 - (b) Market potential.
 - (c) Selective demand.
 - (d) Area market demand.
 - (e) Penetrated market demand.
9. Market segmentation by quality, service, or economy would be an example of behavioural segmentation by:
- (a) Purchase occasion.
 - (b) Benefits sought.
 - (c) User status.
 - (d) User rate.
 - (e) Readiness stage.
10. The ability of a product to perform its functions in terms of reliability, durability, ease of operation, and related attributes is called its:
- (a) core product.
 - (b) augmented product.
 - (c) actual product.
 - (d) product quality.
 - (e) quality level.
11. Assuming that brand equity constitutes the major enduring asset of a company, the marketing strategy should focus on:
- (a) building brand awareness.
 - (b) building brand preference.
 - (c) marketing company brand strength.
 - (d) extending loyal customer lifetime value.
 - (e) advertising and promotion.
12. The way consumers perceive an actual or potential product is called a:
- (a) product idea.
 - (b) product perception.
 - (c) product image.
 - (d) product feeling.
 - (e) product benefit.
13. Pricing to cover variable costs and some fixed costs, as in the case of automobile dealerships that sell below total costs, is typical of which of the following pricing objectives?
- (a) Current profit maximization
 - (b) Product-quality leadership.

- (c) Market-share leadership.
 - (d) Survival.
 - (e) Low-cost leadership.
14. A medium quality product offered at a medium price is an example of which type of price/quality strategy.
- (a) Premium strategy.
 - (b) Rip-off strategy.
 - (c) Medium-value strategy.
 - (d) False economy strategy.
 - (e) Good-value strategy.
15. Which of the following is not area of consideration when setting the channel objectives and constraints of a new channel system?
- (a) Product characteristics.
 - (b) Middlemen characteristics.
 - (c) Competitor's channels.
 - (d) Environmental factors.
 - (e) Consumer characteristics.
16. Industrial distributors are a form of:
- (a) broker
 - (b) agent
 - (c) sales branch
 - (d) limited-service wholesaler.
 - (e) full-service wholesaler.
17. Deciding whether to attempt to reach potential buyers or current users is part of which area of decisions made by marketing communications?
- (a) Determining the response sought.
 - (b) Choosing media.
 - (c) Selecting the message source.
 - (d) Collecting feedback.
 - (e) Identifying the target market.
18. Keeping the consumers thinking about the product is the objective for which type of advertising?
- (a) Informative advertising.
 - (b) Persuasive advertising.
 - (c) Reminder advertising.
 - (d) Demand-driven advertising
19. A company's attitude toward its salespeople affects their behavior and their perception of which of the following?
- (a) Organizational climate.
 - (b) Sales quotas.
 - (c) Positive incentives.
 - (d) Vacations.
 - (e) Co-workers
20. One reason for emphasizing total customer satisfaction is that:
- (a) even failing to meet high goals will lead to better products and better customer satisfaction.
 - (b) customers who are merely satisfied may easily switch suppliers.
 - (c) it cost much more to satisfy customers but generally gives firms good reputations.

- (d) all of the above.
 - (e) none of the above.
21. Finding gaps not being filled by the industry's products, filling them, and developing them into strong segments is a form of which market challenger strategy?
- (a) Frontal attack.
 - (b) Flanking attack
 - (c) Encirclement attack.
 - (d) Bypass attack.
 - (e) Guerilla attack
22. Joining with foreign companies to produce or market products and services is called:
- (a) exporting.
 - (b) joint venturing.
 - (c) direct investment.
 - (d) assembly facilities.
 - (e) manufacturing facilities.
23. The attempt to provide signs of service quality, such as designing a bank's physical setting to suggest efficient service is part of the marketer's response to a service's:
- (a) Intangibility.
 - (b) Inseparability.
 - (c) Variability.
 - (d) Perishability.
 - (e) All of the above.
24. Perhaps the best measure of service quality is:
- (a) customer satisfaction.
 - (b) customer expectations.
 - (c) customer retention
 - (d) customer experiences.
 - (e) All of the above.
25. Proposals relating to quality of life include:
- (a) controlling the ingredients that go into certain products.
 - (b) controlling the ingredients that go into certain packaging.
 - (c) reducing the level of advertising "noise"
 - (d) putting consumer representatives on company boards.
 - (e) All of the above.

SECTION B

Question 1

Write short notes on the following concepts/terms

- | | |
|---------------------------------|------------------|
| (a) Characteristics of services | [5 marks] |
| (b) Customer satisfaction | [5 marks] |
| (c) Societal marketing concept | [5 marks] |
| (d) Electronic commerce | [5 marks] |
| (e) Test marketing | [5 marks] |

Question 2

Discuss the various macro-environmental factors that affect a company's ability to serve its customers
[25 marks]

Question 3

What do you understand by the following terms:

- (a) Market segmentation [15 marks]
- (b) Product positioning [10 marks]

Question 4

- (a) Show the major differences between consumer markets and industrial buyer markets. [12 marks]
- (b) Do these differences warrant differences in marketing strategy? Explain [13 marks]

Question 5

Describe how marketing strategies change during the product's life cycle.
[25 marks]

Question 6

Assume you are the marketing manager of a firm that has just developed a new line of skin moisturizing creams. Explain what procedure you would follow in setting a price for the new product.
[25 marks]