

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS MANAGEMENT

MASTER OF SCIENCE IN MARKETING

PROFESSIONAL SELLING MANAGEMENT - CBU 5206

FINAL EXAMINATION- DECEMBER 2012

TIME ALLOWED: 3 HOURS 15 MINUTES

INSTRUCTIONS TO CANDIDATES

Answer question **One** and any other **Three** questions from Section B.

INFORMATION TO CANDIDATES

- (i) Section A carries **40** marks.
- (ii) All questions in Section B carry **20** marks each.
- (iii) Questions may be answered in any order.
- (iv) Credit will be given for the use of appropriate examples.
- (v) This paper contains **Seven** Questions.

SECTION A

Question 1

CASE STUDY: Selling in China

For the past 20 years, China's economy has been growing at an average of 9 per cent and this phenomenal growth rate is expected to continue. China possesses considerable strengths in mass manufacturing and is currently building large electronics and heavy industrial factories. The country is also investing heavily in education and training, especially in the development of engineers and scientists. While these advances mean that China poses new threats to Western companies, the country provides opportunities. Chinese consumers are spending their growing incomes on consumer durables such as cars, a market that had reached 3 million, and mobile phones where China has the world's biggest subscriber base of over 350 million. Western companies such as Microsoft, Procter & Gamble, Coca-Cola, BP and Siemens have already seen the Chinese market as an opportunity and entered, usually with the aid of local joint venture partners.

Although the Chinese economy undoubtedly possesses many strengths, it also has several weaknesses. First, it lacks major global brands. When business people around the world were asked to rank Chinese brands Haier, a white-goods (refrigerators, washing machines, etc.) and home appliances manufacturer was ranked first and Lenovo, a computer company, famous for buying IBM's personal computer division, second. Neither company is a major global player in their respective markets. Second, China suffers from the risk of social unease – resulting from the widening gap between the rich and poor, as well as corruption. Third, the country has paid a heavy ecological price for rapid industrial and population growth, with thousands of deaths attributed to air and water pollution. Fourth, while still a low labour cost economy, wage levels are rising fast, particularly in skilled areas, reducing its competitive advantage in this area. Finally, bureaucracy can make doing business in China difficult.

Although Western companies have made successful entries to the Chinese market some such as Whirlpool, US white-goods manufacturer and Kraft, the food multinational have made heavy losses. Overseas companies hoping to sell successfully in China need to understand a number of realities of the market there. First, the country is very diverse: 1.3 billion people speak 100 dialects, and covering such a large geographic area the climate is very different across regions. For example, parts of the south are humid while the north is more temperate. Also, income levels vary considerably between less affluent rural districts and richer cities.

Many Western companies enter China by means of a joint venture but they need to be aware of the different business conditions there. In China there is no effective rule of law governing business. Bureaucracy and governmental interference can also bring difficulties. For example, Thames Water pulled out of the 20-year water treatment project in Shanghai after the government ruled that the guaranteed rate of return to investors was illegal.

A key element in Chinese business dealings is the existence of *Guanxi* networks. *Guanxi* is a set of personal connections on which a person can draw to obtain resources or an advantage when doing business. Developing such a network may involve performing favours or the giving of gifts. For example, a business person may participate in a public ceremonial function or a professional could send books to a Chinese university. Favours are “banked” and there is reciprocal obligation to return a favour.

An important aspect of Chinese culture is the avoidance of “loss of face”. This can occur when a Chinese person finds himself embarrassed by, for example, displaying lack of knowledge or understanding. Chinese people like to gather as much information as possible before revealing their thoughts to avoid losing face and

displaying ignorance. They also value modesty and reasoning. In addition, they regard the signing of a contract to be only the beginning of a business relationship.

Source: Witten by Jobber, D and Lancaster, G (2009): *Selling and Sales Management*; 8th Edition, Prentice Hall, Financial Times

Required:-

(a) 'Selling in China is no different to selling in Zimbabwe'. Discuss.

[25 Marks]

(b) Discuss the implications of the existence of *Guanxi* networks and the need for avoidance of loss of face to selling in China?

[15 Marks]

SECTION B

Question 2

Explain how selling fits within the promotional mix and how it can be used to support other elements of the mix.

[20 Marks]

Question 3

Analyse how the sales pipeline may be a useful tool in sales forecasting.

[20 Marks]

Question 4

Selling in Business to Consumer markets (B2C) is no different from selling in Business to Business markets (B2B). Discuss.

[20 Marks]

Question 5

"There is strong movement towards relationship selling as contrasted with traditional transaction –oriented selling." (Thomas N. Ingram – Journal of Business, 1996).

(a) What has been the driving force towards relationship selling, recently?

[10 Marks]

(b) In what ways has the adoption of Just in Time (JIT) and Lean manufacturing processes by buying companies affected the selling function?

[10 Marks]

Question 6

Discuss the importance of technology in a globalising selling function and explain how it has resulted in improvements in efficiency and effectiveness of sales efforts.

[20 Marks]

Question 7

- (a) Evaluate two different motivational methods used in sales force management.
[10 Marks]
- (b) Discuss three methods of compensation used in sales force management and their advantages and disadvantages.
[10 Marks]

END OF EXAMINATION