



Introduction to Marketing
NQF
Subject Examiner's Report

Unit Title: Introduction to Marketing
Unit Code: IMKT
NQF Level: Level 3
Session: June 2016

Candidates must answer any four questions.

Question 1

(a) Briefly describe the advantages and disadvantages of the following:

(i) Product orientation

(5 marks)

(ii) Sales orientation

(5 marks)

(b) Explain three reasons why an organisation may wish to be marketing orientated. Give examples to support your answer.

(15 marks)

(a) Instructions to markers

One mark should be given to candidates in each case for a description of the orientation and up to two marks each for the advantages and disadvantages stated, up to a total of five marks.

Suggested answer

- (i) Product orientated organisations primarily focus their efforts on producing better products to a higher quality and with more/improved features. It is assumed that customers always want improvements to product specification and features of the products they purchase before all other considerations. The advantages of this orientation is that it can give the company a competitive advantage as customers seek improved products, enabling the organisation can direct resources towards producing better products, with the view to selling more. The disadvantages are that customer needs or wants are often not considered relevant. Organisations can therefore lose sight of what customers actually require e.g. a better way of performing the same job rather than needing further developments to an existing product. E.g. Nokia concentrated on make their phones better, when customers wanted mobile devices that could stream data to their phones in addition to making calls, texting and emailing.
- (ii) Sales orientated organisations concentrate on selling and promoting products, using calculated marketing techniques rather than considering the real needs of the customer. The focus is on selling existing products and services rather than finding out what might meet customer requirements more effectively. The advantage of this approach is the ability to convince customers that the product the organisation has for sale is necessary and on this basis sell more. The disadvantage of this approach is that it can lead to some sales people adopting hard sales techniques to reach sales targets or if the product is a 'one off' to spend time trying to find the next product to sell, which can take time.

(b) Up to five marks should be awarded to candidates for each reason given relating to why an organisation may wish to be marketing orientated.

Suggested answer

Marketing orientation sets out to fulfil customer needs by aligning its business strengths to meet or exceed these and as a result, maintain profitability. Three reasons why an organisation may wish to be marketing orientated are:

- (i) Through finding out what customers want or anticipating what the customers will want, through marketing research activities will enable an organisation to fulfil those needs, through the provision of relevant goods and services. Continuous monitoring of target customers and encouraging their feedback, will enable customer satisfaction to be achieved (or exceeded) and changes implemented when customer needs shift. This leads to only products/services that are required to be produced and wastage to be reduced.
- (ii) Understanding customers can lead to long-term relationships between them and the organisation, leading. Transactional sales from a large number of buyers is far less beneficial to an organisation than keeping loyal ones (it costs a lot of money to continuously look for new customers). Satisfied customers are less likely to look around for other sources of products when they are considering a repeat purchase but normally prefer to buy from a company they have already bought from.
- (iii) Marketing is not a one-sided process in which the customer is the only winner. Although the customer has to be respected, treating them as 'king' doesn't mean tolerating them being tyrannical! Customer needs should not be met at any cost but in a way that is fair to the organisation i.e. that it can pay its overheads, invest in new products and services and reward shareholders. By adopting a balanced marketing approach, the organisation receives payments and profits to meets theirs and future customers' needs and customers receive benefits that satisfy their wants.

Total Maximum Marks for Q1

25 marks

Question 2

(a) Explain the main differences between products and services. **(10 marks)**

(b) People are often willing to pay more for branded rather than unbranded products. Explain how branding adds value to products. **(15 marks)**

(a) Instructions to markers

Up to five marks should be given to candidates for each difference cited between products and services.

Suggested answer

- (i) Products are normally considered as tangible; a tin of drink or food, a child's toy or a washing machine. Services are normally described as intangible, an bank or building society account, a mortgage on a house or an accountant providing business services, such as doing tax returns.
- (ii) Products can be seen as non-durable i.e. goods that are consumed relatively quickly, such as food, drink or toiletries and durable goods i.e. those that survive continuous use, such as a refrigerator or washing machine. Services have a finite existence i.e. that they will conclude at a specified point i.e. a flight on an aircraft, a meal in a restaurant or a visit to the doctor.
- (iii) Products can be stored for some time, until they are needed. Services cannot. They are not produced in advance for requirement or held in stock. An empty seat on a train, ferry or plane is a lost sale if it is not taken at the time the service leaves.
- (iv) Services crucially depend on those that provide them i.e. how well people have been trained and are seen as inseparable from those that deliver them. Products are often made by machine, so people these days have less involvement in manufacturing cars, televisions and other goods we use in our ever day lives.

(b) Instructions to markers

Up to five marks should be given for each explanation of branding provided by the candidate. Full marks should only be given where examples have been provided in the answer too.

Suggested answer

Branding adds value to products in a number of important ways:

- (i) Brands provide a level of assurance regarding quality and product performance. Long established providers of food products such as Heinz, Nestle and Kellogg's have spent decades reassuring customers that the product will do what they expect it to and that it will deliver a better outcome than a non-branded generic product. For many years Heinz advertised baked beans with the tag line 'Beanz meanz Heinz' because they knew their target market would like a consistent product that would satisfy the customer every time they purchase it.
- (ii) Brands selected for what it says about the customer as well as what it does. Persil washing liquid is marketed saying it is fine to have fun and get dirty as the washing product will get clothes clean again, every time. Newer brands, such as Innocent drinks, market themselves on a tasty product that is healthy too (whether or not it really is!).
- (iii) Brands are selected to boost the ego. Many people now purchase products on the basis of the brand itself i.e. wearing designer clothes or driving a very expensive car, such as a Mercedes Benz, is thought to say more about the person than if they didn't own these products. Such items are said to demonstrate they are successful because they are wealthy enough to afford to own such products.

Total Maximum Marks for Q2

25 marks

Question 3

- (a) Briefly describe four possible objectives of marketing communications. **(12 marks)**
(b) Explain the main benefits of using public relations for a museum wishing to promote its latest exhibition. **(13 marks)**

Instructions to markers

One mark can be given for identifying a suitable objective of promotional activity and up to a further three marks where detail/depth has been provided by the candidate.

Suggested answer

It is expected that the learners will build an answer around one of two models: **AIDA** or **DRIP** (Fill, 1998)

Attention/Awareness: Promotional activity catches the attention of the target audience, meaning they become aware of the product/service. Advertising, public relations, personal selling, direct marketing or sales promotional activities are all used by organisations for this purpose.

Interest: prospective customers start to take note of the promotional messages given at this time and will take note of the benefits the products or service offer, as their interest in the product develops. Direct mail can be used to tell the customer a story, to convey benefits deemed as likely to clinch a sale, or a sales person can demonstrate these, by showing the customer the product in person.

Desire: is where the prospective customer realises the product/service does suit their needs and will help them solve their current requirements or problem. A sales promotion, such as a discount, could be offered at this time to facilitate a possible sale.

Action: The customer decides, if they have been convinced so far, to make the purchase. A sales person at this point may have to reassure the customer that they are doing the right thing and perhaps make additional concessions, such offering as a higher level of discount, free product delivery or extended warranties, to be sure of a sale.

OR

Differentiate: Advertising, public relations and/or personal selling are used to establish how one organisations products or services are different from another. The promotional activity may be focused on a new product or service, or to establish/build a brand but the focus is on differentiating these from those of a competitor.

Remind: Many products are overlooked if customers are not constantly reminded of their existence. Products in highly competitive markets are constantly advertised to remind the customer to choose them. Coca Cola will advertise its drinks or use sponsorship opportunities to keep the brand at the forefront of consumers' mind when they want a soft/cold drink.

Inform: Due to the nature of some products or services, communications methods, such as advertising, public relations or direct marketing, will be used to relay detailed information about these to target audiences. A natural disaster, such as the Earthquake in Nepal, leads to many agencies taking out large newspaper advertisements or running TV advertisements to advise people of the hardships being faced by the people affected, in order to raise money quickly, to get products/ services to the disaster zone as fast as possible.

Persuade: Some products need more persuasion to interest a potential customer and generate a sale. Personal selling is therefore typically used to sell cars in dealerships, recognising that these are high value items that won't normally sell themselves. The sales person seeks to demonstrate the product, allowing the potential customer to test drive the vehicle and answer their questions in relation to this, in the hope it will lead to a purchase being made. Sales promotions are also used in this context; such as the offer of financial facilities to enable the customer to purchase the car and pay for it over an extended period of time.

(b) Instructions to markers

Up to three marks can be given to candidates for suitable PR relations examples and citing the benefits of these in the context of promoting the museum's exhibition.

Suggested answer

Public relations aim to maximise the benefits of favourable publicity and minimise the damage done through adverse communications activities. In this instance, PR is required to present the positive aspects of a museum and specifically to help promote its latest exhibition (it is expected that the candidate will provide a suitable example from their country). Key to the activity will be the museum's current positive relationship with the local press, local radio station and local television news channel. Through inviting key journalists to a preview of the exhibition, it is hoped that the publicity that follows will lead to people wanting to visit for themselves.

Where journalists are unable to attend, the museum will produce its own press/news release, to include video footage of the event that can be shown on news channels. A well-known celebrity, who supports the museum, could be used either to discuss the exhibition with the exhibition's curator or to provide a voiceover, for this event.

For both of these media activities, the costs are far lower than if the museum was to take out advertising space in the newspapers, magazines or on the television stations targeted. Although the message may be diluted as it does not come direct from the media organisation, it will still raise awareness of the exhibition, which is what the museum is seeking.

Finally, an opening event, to which local officials, celebrities and supporters of the museum will be invited to attend, will be organised. Again, the aim of this will be to raise the profile of the exhibition and to encourage people to visit, that might not have done so, if it hadn't been for the coverage of the event in the media. Although there will be some costs accrued in providing food and drink for those attending the event, this will be far lower than the cost for placing large advertisements in the press and broadcast media or using poster sites in and around the city where the museum is based.

Total Maximum Marks for Q3

25 marks

Question 4

- (a) Briefly outline the purpose of advertising and describe how an organisation of your choice uses advertising campaigns to communicate with its customers. **(12 marks)**
- (b) Identify three factors that might have influenced the organisation's choice of communications media for the advertising campaigns you identified. **(13 marks)**

(a) Instructions to markers

Up to four marks can be given to candidates for providing an outline/definition of the purpose of advertising. A further four marks can be awarded for explanations relating to why an organisation might like to advertise its products. The remaining four marks should be used to reward specific examples of advertising campaigns/organisations using these.

Suggested answer

The purpose of advertising is to draw the attention of target audiences to a product, service or business, in the form of a paid or unpaid for announcement using print, broadcast or electronic/online media. Where advertising is paid for, the organisation can decide where and when it would like its advertising to be displayed or broadcasted.

Coca Cola is a globally focused, mass market product manufacturer. On this basis it uses advertising to send messages to its millions customers around the world. Current campaigns are focused on the reduction of sugar in a number of its drinks products; Coca Cola Life containing half the sugar than its original product and Diet Coke (Coca Cola Light) is now advertised as having no sugar content. Coca Cola is advertising to demonstrate to governments and legislators, that it takes seriously the health of its customers and is adapting its products accordingly. Advertising on television, billboards and in magazines globally is a cost effective way for the organisation to communicate with its stakeholders.

(b) Instructions to markers

Up to five marks can be given for each relevant example and the associated explanations of the likely influences on the organisation's choice of media.

Suggested answer

- (i) Television media provides both visual imagery and sound, enabling the organisation to fully demonstrate its product through pictures, animation and film. Additionally a suitable (normally recognised celebrity) voice over can be used to explain the benefits of the product is provided and suitable music to set the tone of the advertisement. All of these are used to attract the attention of the viewer and encourage them to purchase Coca Cola's drinks products. It is a mass market medium; so millions of people can be exposed to the advertisements and the related messages around the world.
- (ii) Many younger people these days do not watch television but fashion conscious teenagers still read magazines. Placing an advertisement in these will draw the attention of a younger audience to Coca Cola's products.
- (iii) Billboards allow the product to be presented visually on a large scale and enabling repeat exposure to the company's key messages. Target audiences tend to pass the same advertising hoardings as they travel to school, college or work. That means they will be regularly exposed to Coca Cola's campaign for relatively cost.

Total Maximum Marks for Q4

25 marks

Question 5

(a) Describe three situations where personal selling might be a particularly appropriate method to engage with potential customers. (12 marks)

(b) You are demonstrating a new product to a customer with the aim of receiving an order. Describe and explain how the meeting will progress from introducing yourself to the point of closing the sale. (13 marks)

(a) Instructions to markers

Up to four marks can be awarded for each situation specified and including a relevant example to illustrate the point being made.

Suggested answer

- (i) **Where the product or service is complex** personal selling is necessary to demonstrate its to potential customers, describe the benefits of ownership and deal with customer questions prior to the order being placed. Selling medical equipment to a hospital is an example of such a complex sales activity.
- (ii) **Highly technical products**, such as computers and copiers, are also primarily sold through personal sales methods. Typically an IT sales company cannot justify undertaking a mass-advertising campaign (due to the predominantly business focused target audience) but instead might consider personal selling as an alternative to this. Since sales force compensation is largely based on actual sales (bonuses are paid on the basis of sales made rather than a high salary scale), personal selling may require less money up front than other parts of the promotion mix.
- (iii) **Products that might involve a trade-in of one product in the process of purchasing another**, such as a car. These are usually handled through personal sales in a car dealership to help facilitate the purchase of the new product and coordinating the trade-in process.

(b) Instructions to markers

Up to two marks can be awarded to candidates for each relevant point made.

Suggested answer

- (i) Arrive early to have enough time to set up and test equipment (anticipate problems and have back up) if this is going to be used.
- (ii) Introduce yourself to the customer(s) and verbally provide the agenda for the session. Advise if questions can be taken during the presentation or if they will be taken after this has been completed; make sure the customer knows your preference.
- (iii) Have a glass of water to hand, so that if and when your mouth feels dry you can take quick drink. The risk of a dry mouth is that it can lead you to being tongue tied.
- (iv) Smile and make regularly make eye contact with the customers as this sends positive messages to the audience.
- (v) Speak slower than you would during normal conversation; the audience needs a chance to think about what you are saying/to understand the new product. This gives you time to think too.
- (vi) Move around during the presentation, as this helps use up nervous energy.
- (vii) Having completed the presentation, ask the customers for their questions.
- (viii) Deal with objections positively and look for buying signals from the audience.
- (ix) Ask if the customers will be placing an order following the presentation; if not, ask for reasons why they cannot do so.
- (x) If the customer is willing to place an order, close the sale!

Total Maximum Marks for Q5

25 marks

Question 6

- (a) Explain two advantages and two disadvantages of sales promotional activities. **(10 marks)**
- (b) Suggest three different sales promotions that could be used to encourage trade (B2B) customers to purchase products/services from an organisation. **(15 marks)**

(a) Instructions to markers

Up to five marks can be given to candidates for specified advantages and five marks for disadvantages of the sales promotional activities specified.

Suggested answer

Sales promotions are inducements or incentives to encourage sales activity within a specific period of time. **The advantages of sales promotions** are that they can be used to push products through the distribution channel to trade or sales people, as well as pulling products through the channel to end user customers. These are effective at achieving a quick boost to sales, encouraging customers to trial a product or encourage the customer to switch from a competitor brand.

The disadvantages of sales promotions are that the sales effect may only be a short-term one. Customers may come to expect or anticipate further promotions and if these are not forthcoming may defect back to a competitor. A bad sales promotion campaign can damage brand image, sometimes irrevocably.

(b) Instructions to markers

Up to five marks can be given to candidates for each relevant example and the associated explanations of suitable trade (B2B) incentives to purchase from a chosen organisation.

Suggested answer

- (i) **Profit incentives:** discounts could be provided for products purchased during certain time periods. Bonuses or additional discounts can also be offered for purchases over and above a specified level or for making purchases of additional products. One-off additional discounts for stocking a product range for the first time can also be offered.
- (ii) **Staff promotions:** the organisation can train the staff of the trade partner to sell its products. It can provide a competition for trade partner sales teams to participate in or run incentives such as golf or spa days for an increase in sales.
- (iii) **Joint promotions:** this can include providing free in-store display materials, share exhibition stands at relevant events, undertake shared mailings to target customers and make contributions to broader promotional activities.

Total Maximum Marks for Q6

25 marks

Question 7

You have been asked to present on 'the role of marketing in satisfying customer needs' to a group of business students.

- (a) Identify the ideas and theories that you think will be relevant to your presentation. **(12 marks)**
(b) Explain what you need to consider in preparing and delivering this presentation. **(13 marks)**

(a) Instructions to markers

Up to three marks should be given to the candidate for the development of points made in relation to relevant ideas and theories for the presentation.

- (i) The role of marketing is to ensure that an organisation sees the customer as central to everything it does. All activities are driven by what will meet the customers' needs and recognises that no organisation will last for very long without customers.
- (ii) The marketing function in an organisation focuses on activities that are aimed at understanding and influencing customers, including marketing research and new product development.
- (iii) Key to this is the 'marketing concept', which has three key areas of focus:
- 'Customer orientation' (further details below);
 - 'Organisational integration', where everyone in the organisation accepts and implements a customer orientated approach;
 - 'Mutually beneficial exchanges', matching the needs of customers with the strengths of the organisation.
- (iv) To ensure a customer orientated approach, the organisation should:
- Find out what customers want/anticipate what they want.
 - Fulfil the perceived needs of customers.
 - Monitor progress towards customer satisfaction.
 - Improve levels of customer satisfaction continuously.
- (v) Develop long-term customer relationships on the basis that it costs far more to recruit a new customer than retain an existing one.

Ideally the candidate will apply these ideas to their own or a chosen organisation.

(b) Instructions to markers

One mark should be given to the candidate for every relevant point made in terms of the presentation to a maximum of 13 marks.

- A presentation is an act of communication between the presenter and the audience. The presentation will need to be tailored to suit the needs of the audience and their levels of knowledge.
- Who will be in the audience? Students, potentially lecturers, experts in the field, other business people, a mixture?
- Consider the purpose of the presentation: To inform the audience about the role of marketing, persuade, sell, teach and introduce new ideas
- What will the nature of the presentation be? An overview, a basic introduction, to develop existing ideas, go over old ground from a new perspective, summarise information, challenge beliefs, or show something new?
- It is difficult to take in a lot of detailed information when listening. Therefore, it is very important that the presentation has a clear structure so your audience can follow it.
- **Beginning:** Introduce yourself. Outline the aims of the talk and what will be covered in the presentation. Start with something to grab attention, such as a picture, an everyday example, or a rhetorical question.
- **Middle:** Your points should lead logically from each other. What does the audience need to know first in order to understand the subject? Then what do they need to know? What evidence will you use to support these points and convince the audience? Have clear sections or headings to structure the middle section and lead from one point to another.
- **End:** Avoid introducing any new information at this point. Summarise the main things you want the audience to remember. End positively with a strong concluding sentence. Leave time for questions. As you are presenting to an external audience, have your contact details available for people.
- When preparing your material, think about what you will be comfortable saying – don't include anything that you aren't happy with or don't have confidence in. Do your research and check your facts so that you can feel secure in the knowledge you are imparting.

Total Maximum Marks for Q7

25 marks

Question 8

You have been asked to consider how organisations deal with customers and other stakeholders by telephone.

(a) Write a short memo to your manager highlighting 'best practice' in dealing with people by telephone.

(13 marks)

(b) Outline what you would include in four presentation slides that would enable you to present your ideas on 'best practice' from part (a) to other departments in your organisation.

(12 marks)

(a) Instructions to markers

One mark should be given for every relevant point made in the memo to a maximum of 13 marks.

Suggested answer

To: **The Manager**
From: **xxxxxxxxxxxxxxxx**
Date: **June 2016**
Subject: **Dealing with people by telephone**

You have asked me to look into effective ways of dealing with customers on the telephone. There are four core rules to engaging with customers:

Being enthusiastic

Enthusiasm can be a great source of satisfaction from the perspective of the organisation and its engagement with its customers. For the caller, a friendly voice makes a tremendous difference and provides an opportunity to 'make friends' each time the telephone rings.

Be positive

Being positive means treating people both sensitivity and with respect. It is important to understand customer needs and problems. Positivity will make the caller feel unique, even if they are the 121st caller that day with the same issue, they will feel special if you are constructive and helpful.

Be patient

There are many situations that patience, tact and restraint are required. Callers who become unreasonable can, if you are not prepared, upset staff to the point where they feel they have to defend themselves. Their comments can make you feel compelled to answer back, which would undoubtedly have disastrous consequences!

Be assertive

Such situations need to be handled assertively. Such callers should be dealt with politely, but firmly – this usually succeeds in calming down the customer and allows the member of staff to gather the information they need to deal with the customer's problem effectively.

With regards

Xxxxxx

(b) Instructions to markers

Up to three marks can be given for each outline slide provided.

Suggested answer:

Slide 1 – Be enthusiastic

- Answer the phone promptly

- Be prepared for the call
- Have enthusiasm and energy for the task in hand
- Smile when talking to the customer; this will be conveyed in your tone

Slide 2 – Be Positive

- Remain calm, cheerful and friendly at all times
- Always be courteous and polite even with angry customers.

Slide 3 – Be Patient

- Listen patiently – don't interrupt the caller in mid-sentence
- Show genuine interest in your caller's problem or query

Slide 4 – Be Assertive

- Find out as much information as possible and double-check anything you are not clear about
- Make notes – no memory is infallible
- Remembering a customer's name will increase their confidence in you
- ALWAYS keep a promise to ring back even if you still have not got the answer

Total Maximum Marks for Q8

25 marks
