



Introduction to Marketing

QCF

Subject Examiner's Report

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

Question 1

- (a) Briefly explain the concept of marketing and explain why it is important to a business organisation. **(9 marks)**
- (b) Identify and explain four external environment factors that can affect an organisation's marketing activities. **(16 marks)**

Total marks for Q1 25 marks

Instructions to markers

- (a) Candidates should be awarded up to three marks for an explanation of marketing and up to six marks for an applied explanation to a business organisation.
- (b) Candidates should be awarded up to four marks for an explanation of each external environmental factor cited and explained.

Suggested answer

(a) Marketing is a management strategy that aims to achieve customer satisfaction. In a business organisation it is responsible for providing services such as new product development and existing product management, brand management, marketing communications activities, e.g. advertising and PR, sales and market research.

It is important to a business organisation because:

- (i) It enables the needs and wants of the target customers to be fully understood.
- (ii) It enables products/services to be provided that the customers will buy. By monitoring these needs/wants, the organisation can ensure that goods the customer wants will be continuously provided.
- (iii) Evaluating the customers' relationship with the products and services it provides (through marketing research activities) will enable the organisation to ensure its brands remain relevant to them.
- (iv) Providing consistent and relevant marketing communications that effectively engage with the organisation's customers will enable products to be sold and relationships to be built.

(b) Micro or macro factors, or a mixture of both, can be provided in this answer.

Customers: May have a great deal of choice in the market and therefore may be hard to convince to buy the products/service of the organisation and to have an ongoing relationship with it, especially if it is not the main supplier in this market or only holds a niche position. The company may have to make concessions to the customers, such as offering discounted prices regularly, to encourage them to purchase its products consistently.

Competitors: Can put undue pressure on other organisations in terms of the attractiveness of their products, prices, methods of distribution, promotional activities and so on. When competing in a market, the competition has to be monitored, to ensure the products and services provided are relevant and remain ones that customers will want to purchase.

Suppliers: Depending on the product/service provided, suppliers can have a huge impact on another organisation. If the supplier deals in commodities (raw materials) the price they charge for their product can have a positive or negative affect the purchasing organisation, in terms of the amount they have to pay the supplier and then on the price it has to charge the customer. The quality of the commodity provided and the consistency of delivery (particularly in JIT situations) can also have an impact on another business e.g. if a supplier of vegetables for a restaurant fails to deliver one day or delivers poor quality products, this will impact on the restaurant in terms of the menu it can provide to its customers.

PESTLE factors and their influence on an organisation will vary depending on what product is produced or what market it is in. The **Economic** situation is the external factor that is most likely to affect a business organisation the most. Recession, high interest rates, demanding taxation regulations will impact on an

organisation in terms of the products it sells and how much profit it is likely to make. This will vary from country to country but the more an organisation trades internationally, the greater the effect is likely to be.

Total marks for Q1 25 marks

Question 2

- (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)**

Total marks for Q2 25 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 organisation's 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 marks for Q2 25 marks

Question 3

(a) Ref [3.3]

As the marketing manager of a sports brand, identify and explain three factors that you will need to take into account when selecting advertising media. **(9 marks)**

Candidates should be awarded up to three marks per explanation.

Target Market:

Marketers will need to consider who their target market is, who is interested in purchasing the product or service, and the specific demographics of this consumer (age, employment, sex, attitudes, etc.) This information will be used to shape the advertising message which will then help in selecting the most appropriate advertising media.

ROI:

Marketers will need to have an understanding of the relationship between advertising expenditures and the impact of any advertising campaign on the product or service purchase. This will indicate how much profit is

likely to be earned for as a result of advertising spend which will then help base the decision as to which media is more relevant.

Reach:

Marketers need to consider which media will be the most useful in reaching the target consumer. Small or medium sized businesses may choose to utilise the internet as a more effective (and cost effective) way of reaching customers over more traditional advertising such as print and radio.

Maximum marks for (a) 9 marks

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Candidates should be awarded up to three marks per point made.

Product:

The product is a new sports shoe which doubles as a pair of running shoes but can also be used for hiking. The target market will be existing customers, potential customers who are interested in outdoor pursuits, early adopters and opinion leaders and athletes.

Advertising objectives:

- To raise awareness and generate sales of the new product.

Reason for the choice of media:

- TV advertising will be used due to its ability to reach a mass audience. The sports brand will be better able to reach targeted audiences by purchasing ad spots during shows their intended demographic is likely to be watching such as sports events. In addition the visual nature of TV will allow the product to be effectively demonstrated and understood.

The effectiveness of the message:

- Creating a message which potential customers will find interesting, will relate to and find easy to understand
- Define a value proposition, create a reason to choose the product over competitors
- Creating a simple message using visuals which are easier to understand

Measuring the success of the campaign:

- Measure whether there is increased attention being devoted to the brand, either in social media or in customer inquiries and this is an indication of how effective an ad is.
- Compare sales of the product prior during and after the advertising campaign. Advertising often has a delayed effect and can then grow steadily, so sales that result from ads may not materialize immediately.

Maximum Marks for (b) 16 marks

Total marks for Q3 25 marks

Question 4

- (a) Describe the communications process when sending messages from an organisation to its recipients. **(7 marks)**
- (b) Organisations use many forms of communications to engage with stakeholders; some they control, others are less controllable. Using examples, identify and briefly explain three different marketing communications methods. **(18 marks)**

Instructions to markers

(a) *Candidates should be awarded up to three marks establishing a suitable communications process and additional marks for an explanation of element of the process and/or providing a diagram.*

(b) *Candidates should be awarded up to two marks establishing each type of marketing communications method and up to four additional marks for details and examples given of each, up to a total of six marks per method cited.*

Suggested answer

(a) Sender

The sender (or encoder) decides on the message to be sent, the best/most effective way that it can be sent. This is done bearing the receiver in mind.

Method or medium

This is the form which the message takes. A message may be communicated in the form of a letter, an email, a telephone conversation or face to face in the form of a speech or presentation. It can take also the form of an advertisement

Channel

The channel is the method of delivering the chosen message, for example, through the use of a telephone, the internet, television, radio or the press. An online message can be transmitted via a website or social media.

Receiver

The receiver (or the decoder) is responsible for extracting/decoding meaning from the message that has been sent. The receiver is also responsible for providing feedback to the sender having interpreted the message.

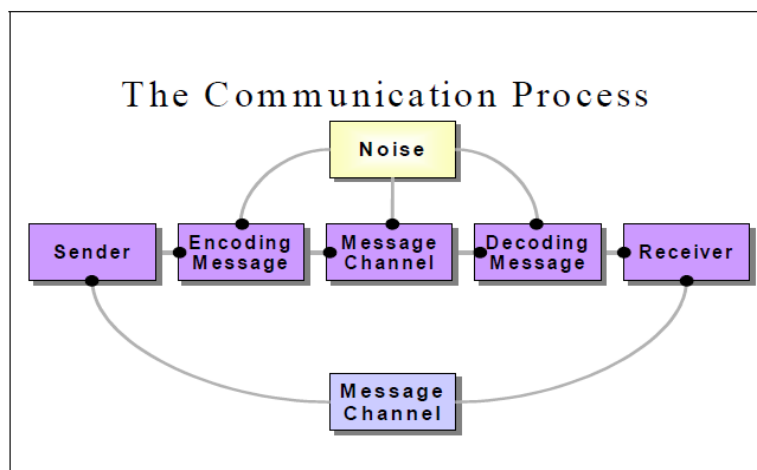
Feedback

This determines whether or not the decoder grasped the intended meaning and establishes whether the communication has been successful.

Context

Communication does not take place in a vacuum. The context of any communication is the environment that surrounds it. It will be dependent on when, where, how and why it was communicated.

(also called interference) any factor that inhibits the message being communicated or conveyed. This is anything that the way of the message being accurately received, interpreted responded to. The noise may be internal (the receiver is preoccupied doing something and misses the message) or external (something external stopping the respondent receiving the message music blasting from another room we are watching the television; workmen working in the road outside our window, while we are listening to the radio).



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(b) Advertising is the activity of drawing public attention 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, it can be controlled to a certain extent, as the organisation can decide where and where it would like it advertising to be displayed or broadcasted. There are some exceptions to this i.e. TV advertising spots can be bumped, should someone offer to pay more for the advertising space than the advertiser has already offered but these situations are rare. Internet communications have changed some of the ability to control how products/services are advertised, as people can now share advertising, when this is placed on YouTube or Facebook, amongst their friends or edit the content i.e. making their own versions of the advertisement (which are not always flattering to the originating organisation).

Public Relations, according to CIPR, 'is about reputation - the result of what you do, what you say and what others say about you. Public Relations is the discipline which looks after reputation, with the aim of earning understanding and support and influencing opinion and behaviour. It is the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its publics'. Although the organisation will craft the press or news release, it invariably has no control over

where this message appears and who transmits this or who decides not to. It can be edited by third parties to present the message in the way they deem appropriate to communicate this. On most occasions, if the message is used, it is presented in the way that the originating organisation would want this to appear but this isn't always the case.

Direct Marketing is a campaign that aims to achieve some form of action from a customer (such as placing an order, visiting to a store, dealership or website, or to request for further information) in response to a communication set by the marketer. The communications itself can take a variety of forms including postal mail, telemarketing, direct e-mail marketing or point-of-sale (POS) interactions. Customer responses will be measurable e.g. the customer was offered a discount for online shopping and takes advantage of the offer. This method of communications is easily controlled by the organisation, deciding when and where to transmit its communications.

Total 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)**

Total marks for Q5 25 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 marks for Q5 25 marks

Question 6

- (a) Outline the stages in the consumer buying process. **(12 marks)**

Candidates should be awarded one to three marks for each stage of the buying process.

The stages in the buying process and the factors which influence buying behaviour.

Attention – The first stage of the buying process. A salesperson's job is to catch the prospect's attention well enough to get them to listen further. Some versions of AIDA refer to the first stage as 'Awareness,' meaning that the prospect becomes aware of options.

Interest – To bump prospects to the second stage, a salesperson must develop their Interest in the product or service. This is usually where benefit phrases come heavily into play. Many marketers successfully use storytelling in their direct mail packets to get their prospects interested.

Desire – In the third stage, prospects realize that the product or service is a good fit and will help them in some way. Salespeople can bring prospects to this point by going from general benefits to specific ones, often using information uncovered during earlier stages to fine-tune the sales pitch.

Action – The fourth stage occurs when the prospect decides to take Action and become a customer. If the salesperson carried their prospect through the first three stages and responded appropriately to any objections, this stage often follows naturally. If not, the salesperson may need to prompt a prospect to act by using closing techniques.

- (b) Identify and explain three potential buying signals that a customer might display to suggest they are interested in a product. **(13 marks)**

Candidates should be awarded one to two marks for each of the buying signals.

Buying Signals:

Consumers who ask questions is an encouraging sign, if a prospect wasn't interested at all they wouldn't bother asking you questions. But certain questions send a particularly strong statement of interest. These are generally questions that indicate the prospect is imagining himself owning the product, for example 'what temperature should this dress be washed at?'

Another strong buying signal would be when a prospect asks the sales represent to repeat something or digs for more information. For example, he might say "Can you tell me more detail about that last feature?"

Objections are often a buying signal, although not as powerful. When a prospect makes an objection, it means he's considering buying but is concerned about one or more aspects of the purchase. Questions like "What if I'm not satisfied with the product?" or statements like "I can't afford this" mean that you've at least started to pique the prospect's interest.

If a prospect says something like, “That feature sounds fantastic,” or “This would work really well with our existing systems,” it's a strong statement of interest.

When one person asks permission of another, this is a buying signal. This can happen verbally or nonverbally. The reason a person initiates the “what do you think?” is because he thinks it makes sense to move forward but wants reassurance from another person.

Customers who return to the store or contact the store multiple times are likely to be interested in buying a product.

Maximum marks for (b) 13 marks

Total marks for Q6 25 marks

Question 7

You have been asked to make a presentation to the board of management of your organisation about ideas for a forthcoming marketing event.

- (a) Explain the main points that should be included in this presentation and what the expectations of this audience will be. **(13 marks)**
- (b) Describe the steps you will take to overcome your nerves before and during the presentation. **(12 marks)**

Total marks for Q7 25 marks

Instructions to markers

(a) *Candidates should be awarded up to two marks for each point included in the presentation and demonstrating what the expectations of the audience is likely to be.*

(b) *Candidates should be awarded up to two marks for each step established for overcoming nerves.*

Suggested answer

(a) The content of the presentation will vary depending on the answer provided. For a marketing event the expectation would be that the presentation would include details of the following:

- (i) Nature and purpose of the event/date, times and location.
- (ii) Invited or expected audience.
- (iii) Business rationale for the event.
- (iv) Budget required/perceived ROI for this event.

The expectations of the audience will be:

- (i) A clear/time efficient presentation (presenter will keep to the time allotted to them for this).
- (ii) Knowledgeable presenter; able to answer all the questions presented by the audience.
- (iii) Fully business justification for running the event.

(b) To calm your nerves before undertaking and during a presentation, it is important to:

Step 1 – Know your audience

Understand who the audience is before the presentation, finding out what they expect before the presentation and check to see if the planned agenda meets their requirements. Ask them for questions to be submitted before the session, to ensure you fully meet their needs.

Step 2 – Know your presentation material

There is nothing worse for nerves than trying to give a presentation when it hasn't been properly prepared. This means practicing so that the material is fully known, understood and can be presented word perfect on

the day. Understanding the audiences' needs is also key to reducing nerves. It is not a case of needing to present everything that you know on the subject but to select the main points of the subject to present and bring in other areas, should time allow for this.

Step 3 – Structure Your Presentation

Memorising what you have to say is important but nerves can also be helped by:

- (i) Having a set of key phrases listed on a cue card.
- (ii) Referring to these to trigger in your mind what comes up next in the presentation.
- (iii) If you are using slides, use these phrases in the transitions between slides; don't use the slides as your prompt or read from these.

Step 4 – Practice, Practice, Practice

Having learnt the basis of the presentation, then practice it. If you feel that you need to memorise some of it, choose the opening as that will get you going! Recording yourself delivering the presentation can be useful for refining it and reducing the nerves! If possible, present it in front of a smaller audience (such as friends and family), who can be trusted to give you an honest appraisal.

Step 5 – Preparation

Decide what you are going to wear on the day; something comfortable and appropriate. Avoid wearing new clothes as these can be unexpectedly uncomfortable. Arrive early to set up or test equipment (anticipate problems and have back up). If possible, do a quick run through of the presentation in the real environment. Prepare responses to anticipate questions if planned questions haven't been provided. Remember there will always be one person who wants to catch you out so be ready for them!

Step 6 – Calm yourself from the inside out!

Practice deep breathing, as this will naturally calm you down. Drink water as and when your mouth feels dry, as this can lead to you being tongue tied. Smile and make eye contact as this sends positive messages to the audience. Speak slower than you would during normal conversation; the audience needs a chance to think about what you are saying. This gives you time to think too. Try to move around during the presentation, as this helps use up nervous energy. Stop worrying about yourself remember the audience wants the information you are providing and it is your job to put this across positively.

Total 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)**

Total marks for Q8 25 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 marks for Q8 25 marks