

Tutorial Letter 202/1/2018

Essentials of Marketing MNM2602

Semester 1

Department of Marketing and Retail Management

IMPORTANT INFORMATION

Please register on myUnisa, activate your myLife e-mail addresses and make sure that you have regular access to the myUnisa module website, MNM2602-2018-S1.

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1 INTRODUCTION

You are now well on your way with your studies for the academic year. Compare the guidelines to the assignment given below and make sure you understand why you have answered some question incorrectly. The lecturer for this module is Mrs Letitia Fourie. Her contact details are as follows:

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Please note that lecturers should only be contacted for **academic** enquiries, that is, enquires about the **content** of the module. **Letters to lecturers may NOT be enclosed with assignments.**

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Student assessment administration for assignments	Assign@unisa.ac.za
Student assessment administration for examination	Exam@unisa.ac.za
Despatch: Study material	despatch@unisa.ac.za
Finance	finan@unisa.ac.za
ICT (<i>myUnisa</i> & <i>myLife</i>)	MyUnisaHelp@unisa.ac.za
	MyLifeHelp@unisa.ac.za

Also study Tutorial letter 301 MRMALL8/2018 for further contact information.

2 GUIDELINES FOR ANSWERING ASSIGNMENT 02

QUESTION 1

Correct answer: Option 1

Page 142 – 143 in the prescribed book and page 96 in the case study book

Jam & Daisies predominantly made use of demographic segmentation by means of sex, age and income. Psychographic segmentation was also used but not predominantly. Geographic segmentation was not mentioned at all.

QUESTION 2

Correct answer: Option 3

Page 157 in the prescribed book

Bentley has one dealer in South Africa and sells only one brand of British luxury cars. Bentley makes use of a concentrated targeting strategy. The disadvantages of a concentrated targeting strategy is that the market segments are narrow and may be constantly shifting and smaller organisations might not be able to communicate with the narrow market as successfully as larger organisations with makes option 3 the correct answer. Option 1 and 4 are disadvantages of multi-segment targeting and option 2 is a disadvantage of undifferentiated targeting.

QUESTION 3

Correct answer: Option 1

Page 138 – 139 in the prescribed book

It must be measurable refers to the ability to measure the size, purchase power and potential profit of the segment thus option 1 is the correct answer. This is because Bentley has a well-defined segment and knows the profitability of their product and the purchasing power of the consumer. Option 2 is incorrect as it must be geographic is not a criteria for effective segmentation. Option 3 is incorrect as it must be actionable refers to the possibility of developing separate market offerings for different market segments. The example does not refer to this. Option 4 is not the correct option as it must be accessible refers to the ability of the marker to reach the market segment with the offering. In the example, it does not mention this.

QUESTION 4

Correct answer: Option 4

Page 182 – 185 in the prescribed book and page 63 in the case study book

The marketing mix consists of product, price, place and promotion. According to Dial-a-Surprise corporate gifting is an element of the marketing communication mix and is used to promote the company's business. It is thus part of the promotion element of the marketing mix.

QUESTION 5**Correct answer: Option 1***Page 196 of the prescribed book*

The correct sequence of the steps in the marketing evaluation and control model are as follow:

- Step 1: Establish performance criteria
- Step 2: Develop performance projections
- Step 3: Develop a marketing organisation
- Step 4: Develop a marketing plan
- Step 5: Control marketing performance
- Step 6: Take corrective action

QUESTION 6**Correct answer: Option 2***Page 139 – 151 of the prescribed book*

Gugu organises exclusive children's birthday parties in Gauteng. The best segment for Gugu is option 2, single mothers between the ages of 25 – 35 years who earn an average household income of R450 000 per annum that lives in a suburban area. This is because single mothers will benefit from Gugu's service as they might not have time being a single working mother to organise their child's birthday party and they receive an income that can allow them to make use of this service. Option 1 is incorrect as we are not sure if there is actually children in this segment and the income is too low for Gugu's service as these men will rather satisfy their basic needs of food and shelter. Option 3 and 4 is incorrect as they fall outside of Gugu's operating area. Option 3 there is also no mention of children.

QUESTION 7**Correct answer: Option 3***Page 156 of the prescribed book*

All Gold has different products like a variety of sauces, canned tomato products, jams, vegetables, pasta sauces and beverages. Some of these product categories caters for different market segments and each product has its own marketing strategy. Multi-segment targeting is when a firm or brand chooses to serve two or more well-defined market segments and develop a distinct marketing mix for each segment. All Gold thus follow a multi-segment targeting approach. Undifferentiated strategy the company adopts a mass market philosophy. It views the market as one big market with no individual segments. Intense targeting and market targeting is fictitious terms and thus not correct.

QUESTION 8**Correct answer: Option 3***Page 158 in the prescribed book*

Sabi Sabi is a five star luxury hotel that offers quality accommodation, food and services. A luxurious hotel is high priced, high quality which will be positioned in Quadrant C. A budget hotel is usually low priced and low quality which will position it in Quadrant B of the positioning map. A value for money hotel is usually low priced, high quality which will be positioned in Quadrant D. A hotel that is considered to be a ripped off is usually high priced with low quality which will be in Quadrant A.

QUESTION 9**Correct answer: Option 4***Page 159 – 161 in the prescribed book*

The positioning process consists of seven steps. The first step is identifying a relevant set of competitive brands. Ronald is currently in this step as he identified Vodacom, MTN, Telkom Mobile and Cell C as competitors, thus option 4 is the correct answer. Determining consumers' perceptions is determining how consumers perceive the brand. Analysing the intensity of a brand's current position is determining the position in the mind of the consumer. Selecting a positioning strategy is the last step of the positioning process where a positioning method is selected.

QUESTION 10**Correct answer: Option 2***Page 193 in the prescribed book and page 172 in the case study book*

A threat is a situation in the marketing environment that the organisation cannot use to its advantage but poses a threat to the organisation's profitability. A law change with regard to the protection of information poses a threat to the media industry. Legislative change is external, internal factors are strengths and weaknesses identified during a SWOT analysis that the organisation has control over. A weakness is an activity that the organisation should improve on to keep competitors from gaining an advantage (internally). Micro factor is a fictitious factor and not relevant to legislative change.

QUESTION 11**Correct answer: 2***Page 142 – 147 in the prescribed book*

The segment contains gender, age, education and income which are all demographic variables. Behavioural segmentation includes loyalty status, purchase occasion, buyer readiness, user status, usage rate, attitude towards the product and benefits sought. Psychographic variables include social class, standard of living and personality. Geographic variables include climate, region and size of the town or city, and population density.

QUESTION 12**Correct answer: Option 4***Page 156 – 157 in the prescribed book*

A firm that chooses to serve two or more well-defined market segments and develops a distinct marketing mix for each has a multi-segment targeting strategy. When using the undifferentiated strategy, the company essentially adopts a mass-market philosophy. It views the market as one big market with no individual segment thus using one marketing mix for the entire market. With a concentrated strategy, a firm selects a market niche (one segment of a market) for targeting its marketing efforts. There is not a targeting strategy that is called the competitive targeting strategy.

QUESTION 13**Correct answer: Option 2***Page 162 in the prescribed book and page 213 in the case study book*

Positioning using emotions focuses on how the product makes customers feel. The case study indicates that the brand brings to mind memories, warmth and nostalgia that refer to emotions positioning. Use or application positioning refers to how the customer uses the product and product class is when positioning is used to associate a product with a certain category of products, which is not the case with Koo. Attention positioning is a fictitious term.

QUESTION 14**Correct answer: Option 4***Page 182 – 185 in the prescribed book*

Price is important as it is the only element in the marketing mix that makes revenue possible. The price can be calculated by taking into consideration the basis of costs, demand for the product and the competitive pricing structures all of which influence the setting of the price. Selling the different flavours of juices at different prices is a pricing decision. The product decision is imperative as this represents the key component in the marketing offering. The marketer needs to make decisions regarding the range of products and or services that the

business wishes to offer. This is called the product mix. The Baked Beans changing their packaging is an example of a product decision. Distribution is needed to meet the market's needs and wants and to then establish the necessary channel. The different types of distribution intensity are intensive, selective and exclusive. TNT Bookstores adding an online store they are increasing distribution, this is considered a distribution decision. Promotion of the marketing mix revolves around the business of informing current and potential customers about the product and services. Nicole's Jewellery spending money on an advertisement in Glamour magazine is an example of promotion decisions.

QUESTION 15

Correct answer: Option 2

Page 194 in the prescribed book

Implementation refers to the process of putting marketing strategies into action. Planning is one of the most central marketing activities and it always begins with information gathering. Control is used to assess mistakes made before or during a project in order to ensure more effective planning and implementation in the future. Sales is the product or service that the organisation has that can satisfy the consumers' needs.

3 GUIDELINES FOR ANSWERING THE SELF ASSESSMENT

The market environment consists of the following key variables:

Consumers

You need to explain that the market consists of people with specific needs that have to be satisfied and who have the financial ability to satisfy their needs. Consumers are the chief component of the market environment. The organisation's marketing offering is targeted at the consumer. There are five groups of consumers or markets, namely; consumer markets, industrial markets, government markets, resale markets and international markets. *A practical example could be that 4 a Kid's target market is married and single parents between the ages of 25 – 34 years of age, but majority of customers are females. So they are 4 a Kid's consumers. They need to make sure that their marketing offer satisfies this group's needs.*

Competitors

You needed to define competition as a situation in the market environment in which several organisations with more or less the same products or services compete for the support of the same consumers. Competition often determine how much of a given product can be marketed and at what price. Competition keeps excessive profits in check, acts as an incentive to higher productivity and encourages technological innovation. You could also have discussed that the intensity of competition in the environment is determined by five factors, namely; possibility of new entrants or departures, bargaining power of clients and consumers, bargaining power of suppliers, availability or lack of substitute products or services and the number of existing

competitors. You could have also discussed the competitive market structures. *For the practical example, when you read the case study you will see that they compete against various international brands and local chain stores in their child safety range. You could have done some research to provide an example like ToysRUs (locally) and My Precious Kid (internationally).*

Suppliers

Suppliers are entities who provide or do not wish to provide products, raw materials, services and even financing to the business. The enterprise requires inputs from the market environment. You needed to explain that inputs are primarily material including raw materials, equipment, energy, capital and labour, which are provided by suppliers. The purchase of the products for resale is a critical input on the part of suppliers. If a business cannot obtain the necessary inputs of the required quality in the right quantity and at the right price for the achievement of its objectives it cannot hope to achieve success in a competitive market environment. *4 a Kid has various suppliers that supply items that they sell, for example they import products such as Huggalugs, Noo Wear and Smitten. They need to constantly review their suppliers to make sure that they can satisfy the needs of their customers.*

4 CONCLUDING REMARKS

You are once again invited to contact me if you experience any **academic** problems in your studies. I urge you to start with your examination preparations early.

Kind regards,

Mrs L Fourie

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