

MNM2604 (489351) October/November 2015

BUSINESS-TO-BUSINESS MARKETING

Duration 2 Hours

70 Marks

EXAMINERS

FIRST

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SECOND

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Closed book examination

This examination question paper remains the property of the University of South Africa and may not be removed from the examination venue

This paper consists of **EIGHT (8)** pages plus instructions for the completion of a mark-reading sheet

This paper counts a total of 70 marks. The marks obtained (out of 70) will be calculated to a percentage (100)

This paper consists of two (2) sections: SECTION A and SECTION B

- Section A is compulsory and must be answered on the mark reading sheet provided
- Answer TWO (2) of the three questions in Section B in the green examination book

PLEASE NOTE

Hand in your mark-reading sheet together with your examination answer book

This is a closed-book examination. You may not consult notes of any kind, nor any person except the invigilator during the examination

TURN OVER

SECTION A (COMPULSORY QUESTIONS)

Answer the following multiple-choice questions on the mark-reading sheet supplied with your answer book. Each multiple-choice question counts two (2) marks. Section A counts 30 marks.

Question 1

The academic field of Business-to-business marketing focuses primarily on

- 1 organisations promoting and selling their product(s) to organisational customers
- 2 the analysis of the marketing environment so that the company is able to market a unique product package to the chosen organisational target market
- 3 establishing relationships with client organisations in order to prevent them from supporting competitive firms
- 4 marketing a product to customer firms that will optimally satisfy their requirements
- 5 the profitability objectives of an organisation

[2]

Question 2

Which **one** of the following is **not** a characteristic of the buying behaviour of customers in business-to-business markets?

- 1 A buying centre usually makes the buying decision
- 2 The lowest price is the primary consideration
- 3 Customers are strict in terms of their buying criteria
- 4 People in a buying centre use different buying criteria
- 5 Business organisations buy in a formal manner

[2]

Question 3

In the analysis of customer firms, their geographic location forms part of their

- 1 market variables
- 2 purchase-related factors
- 3 macro variables
- 4 general characteristics
- 5 physical environment

[2]

[TURN OVER]

Question 4

The most routine buying situation that an industrial buyer could perform is

- 1 straight rebuy
- 2 modified rebuy
- 3 new-task buy
- 4 complex modified rebuy
- 5 homogeneous rebuy

[2]

Question 5

In the analysis of customer firms, their buying centre influencers form part of their

- 1 market variables
- 2 purchase-related factors
- 3 macro variables
- 4 general characteristics
- 5 physical environment

[2]

Question 6

Which **one** of the following is **not** a main purchase criterion in business markets?

- 1 Adaptive criterion
- 2 Performance criterion
- 3 Manufacturing criterion
- 4 Legalistic criterion
- 5 Integrative criterion

[2]

Question 7

Which **one** of the following is not an evaluation criterion that is used to determine whether a segmentation exercise will bear positive results?

- 1 Does the marketing firm have enough resources to serve new market segments?
- 2 Will the firm be able to determine the potential sales level of each segment?
- 3 Will the firm be able to successfully focus its marketing effort on the identified market segments?
- 4 Will the firm will be able to compete successfully against competitors in these segments?
5. Will the firm will be able to select the correct segmentation criteria to be able to identify new segments?

[2]

[TURN OVER]

Question 8

Which **one** of the following is a micro level basis (variable) in the market segmentation exercise?

- 1 Size of the client organisation
- 2 Technological developments in the client's fields of business
- 3 Application of the product in the client's processes
- 4 Organisational culture of business clients
- 5 Customers of our customer organisations

[2]

Question 9

Which **one** of the following is a target market strategy in a clustered market?

- 1 A focus strategy
- 2 A macro-segment strategy
- 3 A marketing segment strategy
- 4 A diffused segment strategy
- 5 A homogeneous segment strategy

[2]

Question 10

The activities, skills and resources of an organisation that are distinctly better than that of competitors are known as

- 1 competitive advantages
- 2 core competencies
- 3 the product quality/value construct
- 4 the product position
- 5 tangible features

[2]

Question 11

"Identifying the relevant set of competing products" is which step in the product positioning process?

- 1 Step 1
- 2 Step 2
- 3 Step 3
- 4 Step 4
- 5 Step 5

[2]

[TURN OVER]

Question 12

Which **one** of the following is **not** a driver of innovation and technology management in an organisation?

- 1 Promote induced and autonomous strategic behavior of employees
- 2 Identify a product champion
- 3 Develop an organisational structure for better control
- 4 Have a product family focus
- 5 Use time pacing to develop new products

[2]

Question 13

Which **one** of the following is **not** a determinant (driver) of successful new-product development?

- 1 Employing a high-quality new-product development process
- 2 Committing enough resources to new-product development
- 3 Make use of existing expertise in the development of new product ideas
- 4 Having a high-level product advantage
- 5 Showing marketing and technical proficiencies

[2]

Question 14

Which **one** of the following is **not** a distinguishing characteristic of a service product?

- 1 Intangibility
- 2 Non-ownership
- 3 Perishability
- 4 Variability
- 5 Seperability from consumption

[2]

[TURN OVER]

Question 15

“Selecting specific channel members” constitutes which step in the Process for developing a distribution strategy (Marketing channel design)?

- 1 Step 4
- 2 Step 5
- 3 Step 6
- 4 Step 7
- 5 Step 8

[2]

Total: 30

VERY IMPORTANT: Now also write your answers to these multiple-choice questions in your examination answer book.

[TURN OVER]

SECTION B

Study the case study and answer **TWO (2)** of the three questions that follow. Section B counts a total of 40 marks

SPILLBY REFRIGERATION - it's getting colder!

Spillby Refrigeration manufactures refrigerator motor units that are used in household and industrial refrigerators and freezers. Up till now the business unit focusing on the industrial market has been exceptionally profitable, but lately the business has experienced a decline in sales and a survey done by an independent marketing research house has shown that Spillby's market share in this market has dropped from 25% to 18% over the last two years.

An investigation done by Spillby's own marketing research division has come up with a number of findings as to the causes of the decline in sales. Firstly, two large refrigeration and freezer manufacturers who used to fit only Spillby motor units are now also using other, mostly imported motors, in some of their refrigerators and freezers. Furthermore, the needs of some of Spillby's customers seem to have changed, opting for ultra-modern, energy-saving refrigerators and freezers which use different types of motors than those manufactured by Spillby. Another change taking place in this industry is the influx of imported refrigeration motors offering a variety of prices and performance levels.

Geoff Spillby, the owner and managing director of the company, knows that he will have to make important strategic decisions to get the business unit back on track. He has just organised a strategic planning breakaway with his *senior management* and you, as a marketing consultant, have been contracted to attend the workshop.

QUESTION 1

- (a) Discuss the **types of business customers (client firms)** and the **types of products (goods)** that business customers purchase. Discuss the theory only. (12)
- (b) Explain to Geoff Spillby that business markets may have different structures or **market preference patterns**. Discuss the theory for 6 marks and apply it practically to Spillby Refrigeration for 2 marks. (8)
- [20]

[TURN OVER]

QUESTION 2

- (a) Spillby Refrigeration would have to start developing and manufacturing new and innovative refrigeration systems. Explain to them the **new product development process** (10 marks) and apply it to Spillby's situation throughout your discussion (2 marks) (12)
- (b) In the analysis of client organisations their **general characteristics** are also studied. Discuss four variables that are looked at here. First discuss the theoretical principles (6 marks) and then apply two of them to Spillby's situation (2 marks) (8)
[20]

QUESTION 3

- (a) One of the marketing actions Spillby has to consider is to spend more money on advertising to let their current and potential customers know that they are still the most viable option in the supply of refrigeration motors and that they are on the forefront of developments in manufacturing improved products. Briefly explain to Spillby's management how they should manage a business-to-business advertising process by following the **decision stages for developing an advertising programme**. The theoretical discussion counts 10 marks and the application of these theoretical principles to Spillby's situation counts 5 marks (15)
- (b) Briefly discuss five **market-based pricing strategies**. Discuss the theory only (5)
[20]

Total: 70

