

**MNM2604** (478580)May/June 2017  
Mei/June 2017**BUSINESS-TO-BUSINESS MARKETING  
BESIGHEID-AAN-BESIGHEIDBEMARKING**Duration 2 Hours  
Tydsduur 2 Uur70 Marks  
70 Punte**EXAMINERS / EKSAMINATORE**FIRST / EERSTE MR/MNR DP THERON  
SECOND / TWEEDE DR JAR BOTHA**Closed book examination  
Toeboekeksamen**

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This paper consists of **ELEVEN (11)** 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

**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 ONE (1) mark. Section A counts **30 marks**.

**QUESTION 1**

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

- 1 analysing the marketing environment, in order to develop a unique product package, which is then marketed to the chosen customer firms
- 2 establishing relationships with client organisations in order to prevent them from supporting competitive firms
- 3 selling a product to customer firms that will optimally satisfy their requirements
- 4 ensuring that the firm's product is marketed so effectively that the profitability objectives are realised

[1]

**QUESTION 2**

Which **one** of the following statements is **true** regarding the buying behaviour in business-to-business markets compared to final consumer buying?

- 1 There are fewer buying influences in organisational buying
- 2 There are fewer steps in the organisational buying process
- 3 Organisational buyers are more heterogeneous
- 4 The buying process of business customers is more unstructured

[1]

**QUESTION 3**

Which **one** of the following is **not** a characteristic of a business-to-business market?

- 1 The demand for products is derived from the demand of final customers
- 2 There are fewer buyers than in B2B markets
- 3 Demand is less volatile in B2B markets
- 4 Business markets are more concentrated

[1]

**QUESTION 4**

Which **one** of the following statements is **incorrect** regarding the marketing strategy of a business to business marketer?

- 1 Products are more frequently tailor-made for client firms
- 2 Fewer intermediaries are used
- 3 Advertising is less important than personal selling
- 4 Branding is more important in business markets

[1]

**[TURN OVER]**

**QUESTION 5**

A component part that a car manufacturer uses in its motor vehicles is known as a/an

- 1 foundation product
- 2 intermediary product
- 3 facilitating product
- 4 entering product

[1]

**QUESTION 6**

When a business client spends a lot of time deciding whether to buy the marketer's product, or a competitor's product, due to the financial, performance and social risk involved in the purchase, is it usually takes place with a

- 1 new-task buying decision
- 2 modified rebuy decision
- 3 straight rebuy decision
- 4 risk-aversion buying decision

[1]

**QUESTION 7**

A municipality buying dustbins from a Durban supplier is classified as a(n)

- 1 government buyer
- 2 commercial buyer
- 3 intermediary buyer
- 4 institutional customer

[1]

**QUESTION 8**

The allocation of funds by the marketing division to their different promotional activities takes place at which hierarchical level of an organisation?

- 1 corporate level
- 2 functional level
- 3 business-unit level
- 4 strategic level

[1]

**QUESTION 9**

John needs to determine what his firm's market share is before he can decide which target market strategy to implement. In terms of the formal marketing research process this step is known as

- 1 develop the research design
- 2 conduct secondary research
- 3 select the data collection method
- 4 set the marketing research objectives

[1]

**QUESTION 10**

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

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

[1]

**QUESTION 11**

In the market segmentation exercise the geographic location of customers is regarded as a

- 1 micro-segmentation criterion
- 2 macro-segmentation criterion
- 3 homogeneous criterion
- 4 target market criterion

[1]

**QUESTION 12**

Which **one** of the following is a multi-segment targeting strategy?

- 1 Niche marketing
- 2 Homogeneous marketing
- 3 Heterogeneous marketing
- 4 Market aggregation

[1]

[TURN OVER]

**QUESTION 13**

A product that competes in a market where its growth has slowed down, while the company's product enjoys the largest market share, will be classified as a \_\_\_\_\_ according to the BCG growth-share matrix

- 1 Star
- 2 Dog
- 3 Cash cow
- 4 Problem child

[1]

**QUESTION 14**

"Specifying the product features" represents which step in the new product development process?

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

[1]

**QUESTION 15**

John's company is participating in a highly competitive market where a fight for market share is at the order of the day. Competitors aim to exploit new market segments with their existing products and customer service is an important competitive weapon. This market is in the \_\_\_\_\_ of its life cycle

- 1 introductory stage
- 2 growth stage
- 3 maturity stage
- 4 decline stage

[1]

**QUESTION 16**

Which **one** of the following is **not** a type of new product innovation that an organisation can pursue when developing new products?

- 1 resource innovation
- 2 modular innovation
- 3 architectural innovation
- 4 radical innovation

[1]

[TURN OVER]

**QUESTION 17**

Which **one** of the following is known as incremental innovation?

- 1 Incremental changes to current products, components and services to enhance the potential of their existing product design
- 2 Major technological breakthroughs resulting in new manufacturing or product components and new manufacturing systems
- 3 Developing new components with existing manufacturing systems
- 4 Integrating existing components in new ways to reconfigure existing manufacturing systems

[1]

**QUESTION 18**

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

- 1 inseparable
- 2 non-variable
- 3 perishable
- 4 intangible

[1]

**QUESTION 19**

Studying the price structures of competitors' products before setting the price of your company's product is which step in the pricing process?

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

[1]

**QUESTION 20**

When an organisation sets its prices at a level that will increase its market share it is called

- 1 profit-oriented pricing
- 2 status quo pricing
- 3 sales-oriented pricing
- 4 supply-oriented pricing

[1]

[TURN OVER]

**QUESTION 21**

Different strategic planning approaches could be followed based on the internal and external dynamics of an organisation. Which **one** of the following approaches is regarded as an entrepreneurial orientation towards strategic planning and action?

- 1 Promoting a deep understanding of customers' and competitors' behaviour and ensuring that cross-functional support exists to effectively respond to market needs
- 2 An inclination towards risk-taking, innovativeness and pro-activeness towards environmental changes
- 3 Acquisition of knowledge by fostering a shared vision, open mindedness, a commitment to learn and sharing knowledge within and between organisations
- 4 Customer value is best created through technological innovations of products, services, or production processes

[1]

**QUESTION 22**

Which **one** of the following is **not** one of the five Cs of Key Account Management (KAM)?

- 1 Customisation
- 2 Complexity management
- 3 Continuity
- 4 Competitiveness

[1]

**QUESTION 23**

*Establishing an identity for the product in the mind of a consumer* is which step in the Process for building strong brand loyalty?

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

[1]

**QUESTION 24**

According to the Brand pyramid *Resonance/Relationship* is level in the progression towards brand equity?

- 1 Level 1
- 2 Level 2
- 3 Level 3
- 4 Level 4

[1]

[TURN OVER]

**QUESTION 25**

Which **one** of the following is **not** an advantage of effective supply chain management?

- 1 Identifying waste in the supply chain is easier
- 2 Order delivery time is increased
- 3 Flexibility in order handling and order configuration is improved
- 4 Unit cost decreases although service delivery is improved

[1]

**QUESTION 26**

Complete the sentence “ \_\_\_\_\_ is the integration of key business processes from end user through to original suppliers, which all contribute materials, products, services and/or information that add value for customers and other stakeholders

- 1 Buyer-supplier relationship management
- 2 Transportation management
- 3 Supply chain management
- 4 Logistics management

[1]

**QUESTION 27**

Which **one** of the following is **not** an activity of supply chain management?

- 1 Warehousing
- 2 Estimating inventory levels
- 3 Handling and storing of products
- 4 Identifying channel members

[1]

**QUESTION 28**

Integrating selling and buying activities, having a longer partnership focus and involving multiple departments of both the supplier and buyer companies represent which kind of buyer/seller relationship?

- 1 Collaborative relationship
- 2 Transactional relationship
- 3 Strategic relationship
- 4 Joint-venture relationship

[1]

**QUESTION 29**

"Developing the marketing communication mix" is which step in the Marketing communications planning framework?

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

[1]

**QUESTION 30**

Which **one** of the following is the most important promotional tool used by B2B marketers?

- 1 Advertising
- 2 Personal selling
- 3 Competitive bidding
- 4 Product differentiation

[1]

**Total. 30**

**VERY IMPORTANT! It is compulsory that you also write your answers to these multiple-choice questions in your examination answer book**

**[TURN OVER]**

**SECTION B**

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

**A STICKY SITUATION**

Peter Mathebula and Vincent Andrews are the owner-managers of the firm Adhesives Africa. The company sells a variety of industrial adhesives (glues) for use in the motor, furniture, printing and leather industries. Some of the products they sell are manufactured at their plant in Isando, and some are imported from China. All these products are sold under their company's brand name Adtech.

Until a few years ago, the company performed very well, but lately profits have been declining steadily - due mainly to an increase in competition in the South African market. Over the last few years ten new adhesives manufacturers have entered the South African market, of which three are large global organisations. Another reason for the decline in the profits of Adtech is the introduction of new, technically advanced adhesives by the new entrants in the market. These new products also lend themselves more readily to be adapted to the unique requirements of different industries - even individual customer firms! Furthermore, many of these new competitors also sell to final consumers, mainly through supermarkets and hardware stores. This allows them to enjoy economies of scale which makes it difficult for Adtech to compete with them on the basis of cost levels.

Up to now Adhesives Africa marketed their products directly to client firms, but are now considering to also using intermediaries to sell their products to business customers. There are intermediaries with good marketing skills that can serve clients country wide. On the other hand, Peter and Vincent want to keep direct contact with client firms, in order to keep track of changing needs in the market place.

Peter and Vincent realise that they have to do something urgently if they want to survive. They know that they need to adapt to the changing needs of their existing and potential customers and that they need to focus their resources on a few lucrative segments. The problem is that Peter and Vincent do not have adequate marketing know-how. Help them by answering two of the questions below.

**QUESTION 1**

- (a) It is important for Peter and Vincent to know how their existing and potential customers firms go about deciding what product they are going to buy and from which supplier. These customer firms go through a rigorous buying process before making these two decisions. Explain to Peter and Vincent the **buying process** that their customers follow before a final buying decision is made. The theory counts 8 points and the practical application of the theory to Adhesives Africa's situation count 2 marks.

(10)

**[TURN OVER]**

- (b) Peter and Vincent know that they will have to adapt their existing products, or develop new ones, to keep up with the changing demands of customers firms in the adhesives markets Explain to them the steps that they will have to follow in developing new products Discuss the **New product development process** (for 6 marks) and show how they need to practically apply these steps in their business (for 4 marks)

(10)  
[20]

## QUESTION 2

- (a) Peter and Vincent have decided to perform a **market segmentation exercise** as the first step to determine who their future customers should be They have asked you to explain the micro-segmentation criteria that they should use to segment their market Discuss the **micro-segmentation criteria** for 8 marks and apply four of them to Adhesives Africa's case for 4 marks

(12)

- (b) Step 4 of the Strategic planning process entails **choosing/formulating a strategy** Three strategy option need to be considered and decided upon, namely the Divestment strategy, the Competitive strategy and the Innovation strategy Explain to Peter and Vincent what these strategies entail and how you believe they should implement them in their business The theoretical discussion counts 6 marks and the practical application counts 2 marks

(8)

[20]

## QUESTION 3

- (a) Peter and Vincent know that they have to forge better relationships with their present and potential client firms They have asked you to explain to them (i) what the concept **business relationship** means (for 2 marks), (ii) why it has become important for firms to pursue closer relationships with customers (for 3 points), (iii) what types of supplier-buyer relationships there are (for 3 marks), and (iv) the drivers/determinants for successful relationships (for 4 marks)

(12)

- (b) **Analysing the Buying centre** of a present or potential customer firms is an important exercise for Adhesives Africa, as it will afford them the opportunity to tailor their marketing efforts to each of these individual clients Explain to Peter and Vincent what is meant by a Buying centre and which aspects need to be looked at when performing this analysis, for 6 marks and show which aspects of clients' buying centres will be particularly important to them (for 2 marks)

(8)

[20]

**(Total 70)**

**PART 1 (GENERAL/ALGEMEEN) DEEL 1**

STUDY UNIT e.g. PSY100-X  
 STUDIE-EENHEID by PSY100-X

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INITIALS AND SURNAME  
 VOORLETTERS EN VAN

DATE OF EXAMINATION  
 DATUM VAN EKSAMEN

EXAMINATION CENTRE (E.G. PRETORIA)  
 EKSAMENSENTRUM (BY PRETORIA)

UNIQUE PAPER NO  
 UNIEKE VRAESTEL NR

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- IMPORTANT**
- USE ONLY AN HB PENCIL TO COMPLETE THIS SHEET
  - MARK LIKE THIS
  - CHECK THAT YOUR INITIALS AND SURNAME HAS BEEN FILLED IN CORRECTLY
  - ENTER YOUR STUDENT NUMBER FROM LEFT TO RIGHT
  - CHECK THAT YOUR STUDENT NUMBER HAS BEEN FILLED IN CORRECTLY
  - CHECK THAT THE UNIQUE NUMBER HAS BEEN FILLED IN CORRECTLY
  - CHECK THAT ONLY ONE ANSWER PER QUESTION HAS BEEN MARKED
  - DO NOT FOLD
- BELANGRIK**
- GEbruik slegs 'n HB potlood om hierdie blad te voltooi
  - Merk as volg
  - Kontroleer dat u voorletters en van reg ingevul is
  - Vul u studentenommer van links na regs in
  - Kontroleer dat u die korrekte studentnommer verstreke het
  - Kontroleer dat die unieke nommer reg ingevul is
  - Maak seker dat net een alternatief per vraag gemerk is
  - Moenie vou nie

**PART 2 (ANSWERS/ANTWOORDE) DEEL 2**

1	(1) (2) (3) (4) (5)	36	(1) (2) (3) (4) (5)	71	(1) (2) (3) (4) (5)	106	(1) (2) (3) (4) (5)
2	(1) (2) (3) (4) (5)	37	(1) (2) (3) (4) (5)	72	(1) (2) (3) (4) (5)	107	(1) (2) (3) (4) (5)
3	(1) (2) (3) (4) (5)	38	(1) (2) (3) (4) (5)	73	(1) (2) (3) (4) (5)	108	(1) (2) (3) (4) (5)
4	(1) (2) (3) (4) (5)	39	(1) (2) (3) (4) (5)	74	(1) (2) (3) (4) (5)	109	(1) (2) (3) (4) (5)
5	(1) (2) (3) (4) (5)	40	(1) (2) (3) (4) (5)	75	(1) (2) (3) (4) (5)	110	(1) (2) (3) (4) (5)
6	(1) (2) (3) (4) (5)	41	(1) (2) (3) (4) (5)	76	(1) (2) (3) (4) (5)	111	(1) (2) (3) (4) (5)
7	(1) (2) (3) (4) (5)	42	(1) (2) (3) (4) (5)	77	(1) (2) (3) (4) (5)	112	(1) (2) (3) (4) (5)
8	(1) (2) (3) (4) (5)	43	(1) (2) (3) (4) (5)	78	(1) (2) (3) (4) (5)	113	(1) (2) (3) (4) (5)
9	(1) (2) (3) (4) (5)	44	(1) (2) (3) (4) (5)	79	(1) (2) (3) (4) (5)	114	(1) (2) (3) (4) (5)
10	(1) (2) (3) (4) (5)	45	(1) (2) (3) (4) (5)	80	(1) (2) (3) (4) (5)	115	(1) (2) (3) (4) (5)
11	(1) (2) (3) (4) (5)	46	(1) (2) (3) (4) (5)	81	(1) (2) (3) (4) (5)	116	(1) (2) (3) (4) (5)
12	(1) (2) (3) (4) (5)	47	(1) (2) (3) (4) (5)	82	(1) (2) (3) (4) (5)	117	(1) (2) (3) (4) (5)
13	(1) (2) (3) (4) (5)	48	(1) (2) (3) (4) (5)	83	(1) (2) (3) (4) (5)	118	(1) (2) (3) (4) (5)
14	(1) (2) (3) (4) (5)	49	(1) (2) (3) (4) (5)	84	(1) (2) (3) (4) (5)	119	(1) (2) (3) (4) (5)
15	(1) (2) (3) (4) (5)	50	(1) (2) (3) (4) (5)	85	(1) (2) (3) (4) (5)	120	(1) (2) (3) (4) (5)
16	(1) (2) (3) (4) (5)	51	(1) (2) (3) (4) (5)	86	(1) (2) (3) (4) (5)	121	(1) (2) (3) (4) (5)
17	(1) (2) (3) (4) (5)	52	(1) (2) (3) (4) (5)	87	(1) (2) (3) (4) (5)	122	(1) (2) (3) (4) (5)
18	(1) (2) (3) (4) (5)	53	(1) (2) (3) (4) (5)	88	(1) (2) (3) (4) (5)	123	(1) (2) (3) (4) (5)
19	(1) (2) (3) (4) (5)	54	(1) (2) (3) (4) (5)	89	(1) (2) (3) (4) (5)	124	(1) (2) (3) (4) (5)
20	(1) (2) (3) (4) (5)	55	(1) (2) (3) (4) (5)	90	(1) (2) (3) (4) (5)	125	(1) (2) (3) (4) (5)
21	(1) (2) (3) (4) (5)	56	(1) (2) (3) (4) (5)	91	(1) (2) (3) (4) (5)	126	(1) (2) (3) (4) (5)
22	(1) (2) (3) (4) (5)	57	(1) (2) (3) (4) (5)	92	(1) (2) (3) (4) (5)	127	(1) (2) (3) (4) (5)
23	(1) (2) (3) (4) (5)	58	(1) (2) (3) (4) (5)	93	(1) (2) (3) (4) (5)	128	(1) (2) (3) (4) (5)
24	(1) (2) (3) (4) (5)	59	(1) (2) (3) (4) (5)	94	(1) (2) (3) (4) (5)	129	(1) (2) (3) (4) (5)
25	(1) (2) (3) (4) (5)	60	(1) (2) (3) (4) (5)	95	(1) (2) (3) (4) (5)	130	(1) (2) (3) (4) (5)
26	(1) (2) (3) (4) (5)	61	(1) (2) (3) (4) (5)	96	(1) (2) (3) (4) (5)	131	(1) (2) (3) (4) (5)
27	(1) (2) (3) (4) (5)	62	(1) (2) (3) (4) (5)	97	(1) (2) (3) (4) (5)	132	(1) (2) (3) (4) (5)
28	(1) (2) (3) (4) (5)	63	(1) (2) (3) (4) (5)	98	(1) (2) (3) (4) (5)	133	(1) (2) (3) (4) (5)
29	(1) (2) (3) (4) (5)	64	(1) (2) (3) (4) (5)	99	(1) (2) (3) (4) (5)	134	(1) (2) (3) (4) (5)
30	(1) (2) (3) (4) (5)	65	(1) (2) (3) (4) (5)	100	(1) (2) (3) (4) (5)	135	(1) (2) (3) (4) (5)
31	(1) (2) (3) (4) (5)	66	(1) (2) (3) (4) (5)	101	(1) (2) (3) (4) (5)	136	(1) (2) (3) (4) (5)
32	(1) (2) (3) (4) (5)	67	(1) (2) (3) (4) (5)	102	(1) (2) (3) (4) (5)	137	(1) (2) (3) (4) (5)
33	(1) (2) (3) (4) (5)	68	(1) (2) (3) (4) (5)	103	(1) (2) (3) (4) (5)	138	(1) (2) (3) (4) (5)
34	(1) (2) (3) (4) (5)	69	(1) (2) (3) (4) (5)	104	(1) (2) (3) (4) (5)	139	(1) (2) (3) (4) (5)
35	(1) (2) (3) (4) (5)	70	(1) (2) (3) (4) (5)	105	(1) (2) (3) (4) (5)	140	(1) (2) (3) (4) (5)

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Your mark reading sheet is marked by computer and should therefore be filled in thoroughly and correctly

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Consult the illustration of a mark reading sheet on the reverse of this page and follow the instructions step by step when working on your sheet

Instruction numbers ① to ⑩ refer to spaces on your mark reading sheet which you should fill in as follows

- ① Write your paper code in these eight squares, for instance

P	S	Y	1	0	0	-	X
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- ② The paper number pertains only to first-level courses consisting of two papers

WRITE 

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 for the first paper and 

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 for the second. If only one paper, then leave blank

- ③ Fill in your initials and surname
- ④ Fill in the date of the examination
- ⑤ Fill in the name of the examination centre
- ⑥ WRITE the digits of your student number HORIZONTALLY (from left to right). Begin by filling in the first digit of your student number in the first square on the left, then fill in the other digits, each one in a separate square
- ⑦ In each vertical column mark the digit that corresponds to the digit in your student number as follows [-]
- ⑧ WRITE your unique paper number HORIZONTALLY  
NB Your unique paper number appears at the top of your examination paper and consists only of digits (e.g. 403326)
- ⑨ In each vertical column mark the digit that corresponds to the digit number in your unique paper number as follows [-]
- ⑩ Question numbers 1 to 140 indicate corresponding question numbers in your examination paper. The five spaces with digits 1 to 5 next to each question number indicate an alternative answer to each question. The spaces of which the number correspond to the answer you have chosen for each question and should be marked as follows [-]
- ◆ For official use by the invigilator. Do not fill in any information here