

MATRICULATION AND SECONDARY EDUCATION CERTIFICATE EXAMINATIONS BOARD

UNIVERSITY OF MALTA, MSIDA

MATRICULATION EXAMINATION

ADVANCED LEVEL

MAY 2014

SUBJECT:	MARKETING
PAPER NUMBER:	I
DATE:	16 th May 2014
TIME:	9.00 a.m. to 12.00 noon

Answer ANY FIVE (5) questions.

All questions carry equal marks (20 marks each).

- (a) Explain what is meant by segmentation. (5 marks)

(b) Discuss five different methods of segmenting consumer markets and how they may be applied in practice by different companies. (15 marks)
- Demographic trends are an element of the macro-environment that might have a positive or a negative effect on a business. Discuss. (20 marks)
- (a) What is primary research? (5 marks)

(b) Which primary research tools do you think would be most suitable for collecting data about the eating habits of Maltese teenagers? Provide a justification for your choice of tools. (15 marks)
- (a) Identify and briefly explain the different types of channels of distribution. (10 marks)

(b) Demonstrate which channels of distribution would be suitable for a local company of your choice, that provides a product or service to an international market. (10 marks)
- Compare and contrast the stages of the consumer and organisational buying decision process. Supplement your answer with examples. (20 marks)
- Discuss, by way of examples, the decisions involved in developing a brand strategy. (20 marks)
- (a) Define 'integrated marketing communications'. (5 marks)

(b) List and describe the elements of the marketing communications mix. (15 marks)
- (a) Identify and explain six different types of direct marketing. (12 marks)

(b) Discuss the benefits of direct marketing for both companies and consumers. (8 marks)

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MATRICULATION EXAMINATION
ADVANCED LEVEL
MAY 2014

SUBJECT:	MARKETING
PAPER NUMBER:	II
DATE:	16 th May 2014
TIME:	4.00 p.m. to 7.00 p.m.

Answer ALL questions in Section A and ANY TWO [2] questions from Section B.

Section A – Answer ALL questions.

CASE STUDY

The Power to surprise: KIA shifts marketing focus to boost retention

From its humble beginnings as a manufacturer of bicycle parts by hand on the outskirts of Seoul, South Korea, KIA Motors has emerged as the driving force behind the Korean motor vehicle for the last six decades, laying claim to the production of the country's first automobile as well as Korea's first automobile export. The word "KIA" is derived from the Chinese characters "KI", meaning to "arise or come up out of" and "A" referring to Asia. So when put together, KIA means to "arise or come up out of Asia". KIA today employs over 40,000 employees spanning the globe from an expansive human network that aspires for excellence on behalf of their customers. Their business management philosophy is based on three keywords: "full accountability, realizing potential, and practicing humanity" expressed in a single sentence: "Creating a new future and realizing humanity's dreams by thinking creatively and tackling challenges head on." According to KIA's UK Marketing Director, Mark Hopkins, KIA is increasing its focus on retention as it looks to build relationships with its customers and to boost engagement and loyalty. Hopkins said he is hoping to establish a "longer term engagement plan" that will turn its website into more of a loyalty platform and help to boost sales not just of new cars, but also its after sales care and service plans. He admitted that while all new customers are given a welcome pack and offered access to a MyKIA portal on its website, it "could do more" to communicate with customers beyond information on car launches.

Opportunities

Hopkins explained that he considers KIA to be the new kid on the block so there is plenty of opportunity in driving spontaneous and assisted awareness, and using product launches and programmes such as the World Cup sponsorship to activate that. He added that KIA is investing at an above-the-line level to make sure people understand KIA, what the company stands for and what its portfolio is.

He said that the opportunity now is to add a layer of equity around the strength of KIA's product offering. The mantra for KIA is making technology accessible to people and mixing that with strong levels of design aesthetics and drivability. As KIA has started to establish itself, it is also about retaining customers with a lot of focus on a longer-term CRM and content strategy to ensure that the company is continually engaging with its customers.

Hopkins said that: “In the past we have focused more on CRM and what is new rather than the brand having a solid relationship with our customers and prospects. It is very much about designing that and putting it in the market. The opportunity is there to establish relationships through the website. If I am ruthlessly honest it could be much more of a platform for a relationship. Having just come into the brand that is very much something I am going to be focused on. We have established the opportunity to have that loyalty relationship but we are hoping to do much more.”

Sponsorships

Hopkins stressed the importance of sports sponsorship on KIA strategy, stating that: “Any large landmark or sports platform that we can associate ourselves with is a huge opportunity. Demographically the sponsorship of the KIA Oval has been a good match and we have been able to build on the positivity of the relationship with the Oval, which has an affectionate place in people’s heart. KIA Oval is an international sports stadium in Kennington, UK.

He added that KIA is very keen to have more sports sponsorships. KIA globally is a brand that because it wants to be seen as young and vibrant has developed a strong association with sport. He explained that it is about finding the right partnership opportunities to amplify the brand and its values and it is also a great way to engage with KIA’s customers through content.

Reevo - Customer Review Platform

Asked about the effect of the integration of the Reevo KIA’s customer review platform on the brand’s website, Hopkins replied that it has been enormously successful. He said that the opportunity to have customers speak on the company’s behalf is something that consumers really engage with. He added that: “The fact we have this Trip Advisor-esque community saying what they think of the models and giving a robust and honest opinion gives people peace of mind. It diminishes the risk in decision-making.” He said that KIA’s aim now is to drive Reevo into areas beyond the physical product. The car market tends to focus on cars but what is being offered by KIA is much more than the physical car, and extends to insurance and after sales care. That is something that can be amplified through Reevo, the strength of the product offering and the customer experience throughout the dealer relationships.

Opportunities for UK Car Marketers

Hopkins said that the UK consumer has always had a strong relationship with the car so it is a great opportunity for car brands to make sure they have a stamp in the marketplace so people can buy into the values they are offering.

Due to the cost of a car to the average household there are a number of areas that people will consider. It is not just the original purchase price it is also about the retained value of that vehicle, the opportunity from finance plans and the running costs. The responsibility from car brands is to lay down the facts as transparently as they can to help customers make that decision.

Reference

Vizard, S., (2014), KIA shifts marketing focus to boost retention. Marketing Week.

Answer ALL questions in Section A

1. (a) Briefly explain what is meant by Customer Relationship Management (CRM). (5 marks)
(b) What are some of the reasons why companies choose to have a CRM system? (10 marks)
2. Using this case study material, explain the role of online marketing in KIA's CRM strategy. (15 marks)
3. How does sponsorship help KIA to position itself in the market? (10 marks)

Section B

Answer ANY TWO (2) questions. All questions carry equal marks (30 marks each).

1. You are working as a salesperson with an insurance company and your manager has asked you to try to attract local hotel owners to insure their hotels with you. Describe the personal selling process and explain how you would adopt it to sell the insurance company's services to the hotel owners. (30 marks)
2. Describe how a particular global company of your choice can adapt its marketing mix for different countries. (30 marks)
3. A newly set up company is planning to start selling smoothies to the local market. These smoothies will be made from organic fruit (no pesticides) that will be bought directly from local farmers. The company directors have asked you to help them develop a marketing plan before launching the smoothies in the market. Outline and discuss what you will include in the marketing plan. (30 marks)
4. (a) What is customer-perceived value? (10 marks)
(b) By making reference to the marketing process, explain how a public transport company can create value for customers and, in return, capture value from customers. (20 marks)