

MATRICULATION AND SECONDARY EDUCATION CERTIFICATE EXAMINATIONS BOARD
UNIVERSITY OF MALTA, MSIDA
MATRICULATION EXAMINATION
ADVANCED LEVEL
SEPTEMBER 2017

SUBJECT:	MARKETING
PAPER NUMBER:	I
DATE:	4 th September 2017
TIME:	9.00 a.m. to 12.05 p.m.

SECTION A. Answer ALL questions in this section.

This section carries 50 marks.

1. Define and distinguish between customer needs, wants, and demands. (6)
2. List the stages a typical consumer goes through when making a major purchase. (5)
3. Distinguish between market-skimming and market-penetration pricing. (4)
4. Which are the major influences on business buyers? (4)
5. What is a multi-channel distribution system? (4)
6. Briefly discuss the methods of secondary data collection. (6)
7. To whom can sales promotion tools be targeted? (6)
8. Which are the **FOUR** major online marketing models/domains? (4)
9. Define customer lifetime value. (5)
10. Mention and briefly describe **THREE** types of wholesalers. (6)

(Total: 50 marks)

SECTION B. Answer TWO questions from this section. This section carries 50 marks.

All questions carry equal marks (25 marks each).

11. (a) Describe the **THREE** levels of a product. (12)
(b) Discuss how a company selling personal computers can use the three levels to better serve customers. (13)
12. Describe the stages of the product life-cycle (PLC) and explain, by using relative examples, how each stage may affect a company's marketing strategies. (25)
13. (a) Describe the macro environmental forces that affect a company's ability to serve its customers. (18)
(b) How can companies react to current trends in the natural environment? (7)

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SUBJECT:	MARKETING
PAPER NUMBER:	II
DATE:	5 th September 2017
TIME:	9.00 a.m. to 12.05 p.m.

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

SECTION A. This section carries 50 marks.

Case Study: Paypal’s CEO on creating Products for Underserved Markets

About a decade ago, when I was the CEO of Virgin Mobile, a colleague and I accepted an unusual challenge: Spend 24 hours living on the street in New York City as a homeless person would, with no money or credit cards, no cell phones, and just the clothes on our backs. Virgin had been supporting a charity for homeless youth, and during an employee event someone from the charity told us that the only way we could learn about the importance of its work was to experience the lives of the people it was serving.

Since I joined PayPal as its chief executive, in 2014, this awareness of how difficult it is for less-affluent people to manage and move money has energized our strategy. PayPal is best known as a payment method for people making purchases on e-commerce websites, and that remains a vibrant part of our business — but we’re also aggressively expanding to become a software platform for a variety of financial transactions. Many people need these services. Data from the Federal Reserve shows that 47% of Americans could not raise \$400 in case of an emergency — say, a car repair in order to get to work — within a month’s time. Two-thirds of Americans live from paycheck to paycheck. These are huge segments of the population, and if we can re-imagine the ways in which they manage money and find new ways to help them save, we can make their lives better and also create business opportunities. As smartphones give people around the world access to powerful applications and platforms, we can go beyond traditional thinking about the “banked” versus the “unbanked” to re-conceive how basic consumer financial transactions take place.

After six months of listening to employees and customers, I held a town hall meeting to talk about our strategy for long-term growth. One of the questions I had been asked frequently was “Are we a tech company or a financial services company?” It might have been easy to choose one or the other, but instead I said I wanted to become a customer-champion company — a company that focuses on various segments of the market and solves real problems for people. To inspire employees behind this strategy, I showed them where our current trajectory would take us and compared that with being a customer champion. For merchants, we needed to be much more than just a button on a website. We needed to evolve our technology platform to enable sellers to have more-intimate relationships with customers using mobile and software. In effect, we had to become the underlying operating system for digital commerce. And for consumers, we needed to create capabilities that would allow underserved citizens throughout the world to manage and move their money in a more secure, faster, easier, and less

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expensive manner. We needed to bust the paradigm in financial services that it is “expensive to be poor.” It was an inspirational vision of how PayPal could make a difference in the world.

I decided that we had to reorganize PayPal to implement the new strategy. The company had been organized by function, with engineering separate from products. We reorganized into just two groups: merchants and consumers. That forced us to focus on the real needs of both sets of customers and on our goal of creating innovative and compelling value propositions for them. Within those two segments, we have created or acquired a suite of products that target different markets. For instance, Venmo is our payment product that serves the Millennial market. It uses smartphones and social networks. Suppose you go to a concert with a friend and you need to pay him back for the ticket. Instead of handing him cash or a check, you can transfer the money on Venmo. There’s a social aspect to it that’s very important. Your friends can see what you’re doing with whom on your social networks through your payments. The secret sauce of Venmo is that we turned a basic transaction into a social experience. As a result, it has become an extremely popular way to move money, and *Time* magazine ranked it the third most popular app in the country.

We’ve also acquired a company called Xoom, which is the leading international player in digital payments. Xoom gives people the ability to move money internationally via their mobile phones. So there’s no standing in lines. It costs half what traditional international remittance providers charge. It’s the perfect example of meeting a consumer need by making it easier and less expensive to manage money. For merchants we created a product called PayPal Working Capital, which lends money to small businesses that use our service. Unlike most lenders, we don’t rely on credit scores. We have a proprietary algorithm that looks at a merchant’s history with PayPal, and that data gives us the confidence we need to make a loan. We’ve also opened up our platform and partnered with a variety of companies, including Facebook and Visa.

PayPal is already the world’s leading financial technology company. As we shift to being a customer champion, we’ll be able to drive even more shareholder value. There’s no disconnect at all between those things. Solving pain points for customers is always the right thing; it’s both a competitive advantage and a legacy of which we can be proud.

Source: Adapted from: 'Paypal's CEO on creating Products for Underserved Markets', by Dan Schulman, Harvard Business Review, December 2016, Issue.

Answer ALL questions in Section A

1. What do you think is the main driving force behind PayPal’s success? Which orientation does PayPal follow? Briefly explain why. (16)
2. On the basis of the case study, discuss how Paypal is evolving its range of products. (14)
3. Discuss the market segmentation criteria applied by Paypal in targeting its Venmo consumer market segment. (10)
4. The case study refers to services such as Venmo and Xoom. Briefly outline the core benefit of these two types of products. (10)

(Total: 50 marks)

SECTION B. This section carries 50 marks.

Answer ANY TWO questions. All questions carry equal marks. (25 marks each)

1. Why is marketing research important? Discuss by applying suitable examples.
2. Distinguish between the services and the product marketing mix. Apply your answer to a service and a product of your own choice.
3. (a) What is Personal Selling? (5)
(b) What is the role of the Sales Force? Discuss by providing suitable examples of your own choice. (20)