



SUBJECT:	Marketing
PAPER NUMBER:	I
DATE:	25 th April 2018
TIME:	9:00 a.m. to 12:05 p.m.

SECTION A

Answer ALL questions in this section. This section carries 50 marks.

1. What is marketing? (4)
2. Briefly describe what the selling concept is. (5)
3. List the elements that make up the microenvironment of a company. (6)
4. Which are the requirements for effective segmentation? (5)
5. Distinguish between psychological pricing and promotional pricing. (6)
6. Briefly explain what is meant by wholesaling. (4)
7. What is direct marketing? (5)
8. List and briefly explain **TWO** ways of exporting products to a foreign market. (6)
9. Mention and briefly describe **TWO** methods of placing adverts online. (4)
10. Explain what sustainable marketing means. (5)

(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. You have been asked to conduct a research study on the consumers' perceptions about an existing range of sports clothing. Outline the marketing research process that you would undertake. (25)
12. What characteristics influence consumers' buying behaviour when visiting an art gallery? Discuss. (25)
13. What are the benefits and disadvantages that a firm should consider in moving from catalogue marketing to e-mail marketing? Use examples to illustrate your answer. (25)

SUBJECT:	Marketing
PAPER NUMBER:	II
DATE:	25 th April 2018
TIME:	4:00 p.m. to 7:05 p.m.

Answer **ALL** questions in Section A and any **TWO** questions from Section B.

SECTION A

This section carries 50 marks.

Case Study: Fashionable Growth at Inditex

Most retail CEOs begin their careers in merchandising. Pablo Isla followed a different career path, attending law school and working at a bank before becoming the CEO of Inditex, in 2005. Since then, even as many traditional retailers have faced challenges from e-commerce, he has led a dramatic global expansion. Today the company's eight brands: Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe, have 7,300 stores in 93 countries. Isla spoke with Harvard Business Review (HBR) about what makes Inditex different from competitors. Some edited excerpts follow:

(HBR): Let's talk about your industry. Many observers classify Zara, your flagship brand, as a fast-fashion company, one that competes with Sweden's H&M and Japan's Uniqlo. Do you agree with this comparison?

(PABLO ISLA): I don't like labels. We have our own specific business model. It's based on the ability to react flexibly within a fashion season. We use what we call proximity sourcing, producing most of our products in Spain, Portugal and Morocco; this allows us to make deliveries last minute. We pay a lot of attention to the design of every single product. It is not just a question of being fast. It is a concept of trying to know what our customers want and having a very integrated supply chain among manufacturing, logistics, and design to get it to them. It has more to do with accuracy than with speed. We make deliveries to every store twice a week. We use technology and algorithms that propose what garments to stock, but the store manager can change the order, because we want the store manager to feel like the owner of the product. It's a combination of technology and human touch.

How are mall closings affecting your business?

I say the same thing about malls that I say about physical stores: High quality ones will remain very relevant in retailing. In the United States there are many, many malls: we don't want to be in every one. We are very selective, in the U.S. and around the world. And our online operations and stores are highly integrated - they have been since we launched our website.

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How is social media changing the way people approach fashion?

People are more connected and aware. It's made fashion more global - everybody knows what is going on in all the different areas of the world. If denim becomes trendy in one market, other markets are likely to follow. This is a good thing for us. Our brands have 100 million social media followers around the world.

You're known for informal meetings. How do you manage without them?

We have a very flat structure and not many formal meetings. People are empowered and they make decisions themselves after a lot of informal conversation and walking around. Also we focus on teamwork and avoid having star employees. Last year we promoted more than 25,000 of our 160,000 employees; that helps create entrepreneurial spirit.

Your company founder, Amancio Ortega, controls more than half of the voting stock at Inditex. How does that change the way you lead?

It's very positive. Having the full support of our founder and our board allows us to take a long-term approach and invest in the business rather than focus on short-term results.

Does that ownership structure affect the way you approach sustainability?

Very significantly. Every decision we make we consider sustainability - not just me personally but also the board and all the employees. Sustainability includes the quality of our products, what they're made from, working conditions for people making them, and the ability to recycle them. We have a public commitment that all our stores will be eco-efficient by 2020. That means that they will use 40% less water and 20% less energy and that all materials will be environmentally certified. Today 70% of our stores meet that standard. Keep in mind that our workforce is very young. These people are committed to thinking about the planet and contributing positively to society.

As a CEO who was successful early in your career, is there danger that you'll become less willing to take big risks, to avoid imperiling that record?

With our business model, that's nearly impossible. We begin each season with the collections, building the product from zero. That requires a very creative culture in which people feel free to take risks.

(Source: Adapted from: 'Fashionable Growth - A Conversation with Inditex CEO Pablo Isla', Harvard Business Review, November-December, 2017)

Answer ALL questions.

1. Throughout the conversation, Pablo Isla indicates several important 'marketing mix' elements. These elements contribute to the success of Inditex, as a global retailer in providing good quality products and high quality service. Outline and explain from the case study material provided these marketing mix elements. (20)
2. Pablo Isla also talks about the influence of e-commerce on business at Inditex. Do you think that the internet poses a threat for Inditex? Why? (8)
3. The case study refers to efforts by Inditex to understand customers, while embracing sustainability. Which business orientation does Inditex follow in practice? Discuss and explain. (16)
4. Pablo Isla notes the importance of empowering employees and ensuring a creative culture. How relevant is this statement in managing a chain of global retail fashion brands? (6)

(Total: 50 marks)

SECTION B

This section carries 50 marks. Answer any TWO questions. All questions carry equal marks (25 marks each).

1. Imagine that Apple Inc. has developed a new electric car, equipped with automated parking. Describe the main promotional tools you would apply to launch this car locally.
2. Describe the business buying process. Apply this process to an industrial product of your own choice.
3. A start-up company is considering introducing a new range of stationery products i.e. pencils, pens, notepads, pencil cases, erasures, sharpeners, files, etc. all made from recycled materials. Describe the main stages involved in developing this new range of products.